2001-2002 ANNUAL REPORT

5 years of service to consumers

RÉGIE DE L'ÉNERGIE

106-02070/

Louise Harel
President of the National Assembly
Parliament Building, Québec City

Madame President,

I am pleased to table the following report on the activities of the Régie de l'énergie for the year 2001-2002.

Sincerely yours,

Rita Dionne Marsolais

RITA DIONNE-MARSOLAIS
Minister for Energy
Québec City, May, 2002

Rita Dionne-Marsolais
Minister for Energy

Madame Minister,

I have the pleasure of sending you the present report on the activities of the Régie de l'énergie for the year 2001-2002.

Sincerely yours,

J.A. Guérin

JEAN A. GUÉRIN
Chairman
Montréal, May, 2002

The Régie de l'énergie is an economic regulation agency. Its mission is to reconcile the public interest, consumer protection and the fair treatment of the electric power carrier and the distributors. The Régie strives to ensure that energy needs are satisfied while promoting sustainable development as well as individual and collective equity.

To this end, the Régie fixes and modifies the rates and conditions for the transmission of electric power by the electricity carrier, the distribution of electric power by the electricity distributor, and the supply, transmission, delivery and storage of natural gas by the natural gas distributors. In fixing and modifying rates, the Régie favours the use of incentives to improve the performance of the electricity carrier, the electricity distributor and the natural gas distributors, and to promote the satisfaction of consumer needs.

The Régie examines consumer complaints about decisions rendered by the electricity carrier, the electricity distributor or a natural gas distributor concerning the application of the rates or conditions of service.

The Régie also monitors the prices of petroleum products and steam.

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Message from the Chairman

Mr Jean A. Guérin
Chairman

ENERGY ENVIRONMENT

The international economic downturn of the past year reduced energy demand and put downward pressure on energy prices.

The world price of crude oil declined from heights of over US$30 per barrel in 2000-2001 to lower levels in 2001-2002 but continued to fluctuate widely, ranging between US$17 and US$29 during the year.

The Canadian price of natural gas also dropped significantly during the year – the monthly price at the Alberta border fell from nearly $13 per gigajoule in January 2001 to $3.69 per gigajoule in January 2002 – but it remained highly volatile.

In the U.S., the wholesale price of electric power on the New England open market, as measured by the weekly peak period index, averaged 7¢ per kilowatthour over the year, stated in Canadian dollars, considerably below the 8.9¢ per kilowatthour recorded during the previous year.

There were also significant developments in Québec during the year.

In the electricity sector, Hydro-Québec announced in its 2002-2006 strategic plan that it intends to file an application with the Régie de l'énergie for approval of rate increases to take effect in May 2004, ending a 6-year rate freeze.

According to the middle scenario filed with the Régie by Hydro-Québec, annual electric consumption by Québec consumers will surpass the heritage electricity pool of 165 TWh in 2006. Therefore, the first tender solicitations for the purchase of electricity on the market will be issued in May 2002.

Hydro-Québec also indicated in its strategic plan that its Production Division intends to purchase up to 50 MW of wind energy annually from producers located in the Gaspésie region, starting 2004 or 2005. Private energy generation will also be promoted by a program to lease sites for projects under 50 MW under the new Water Power Exploitation Plan announced in May 2001 by the Ministère des Ressources naturelles.

A 50% reduction in the commodity price of natural gas augurs an improvement in the distributors' competitive position. The Régie-approved price for system gas, which varies according to market conditions, stood at $4.37 per gigajoule in January 2002, compared with $8.48 per gigajoule in January 2001. However, the price was still high in comparison with the price of $2.91 per gigajoule authorized by the Régie in January 2000. Natural gas from Sable Island was expected to diversify sources of supply but recent developments suggest that the Cartier pipeline project linking eastern Québec and the Maritimes will be delayed.

Market prices for petroleum products in Québec continued to fluctuate widely, reflecting among other things variations in crude oil prices on world markets. The average price of regular gas ranged between 60¢ and 85¢ per litre during the period. The average price of heating oil was 40¢ per litre during the winter of 2001-2002, 20% less than at the same time during the previous year. Stiff competition in some regions and the arrival of a new major player in one region in particular led to applications for inclusion of the operating costs borne by a retailer of gasoline or diesel fuel, as determined by the Régie, in a retailer's total costs.

REGULATORY ENVIRONMENT

Regulatory frameworks vary between jurisdictions, depending on each region's specific needs and characteristics. However, the central underlying goal of regulation is the same everywhere: to protect consumers in monopoly markets or situations of imperfect competition.

The bankruptcy of the largest energy broker in North America, coming on the heels of the energy crisis in California, prompted a pause in the restructuring of the energy industry and raised questions about what control mechanisms should be applied to business, not only in the energy sector but in other industries as well.

These recent events have made it abundantly clear that deregulation cannot mean no regulation.

In the U.S., the search for solutions to problems of congestion on electricity transmission systems was stepped up in order to facilitate the liberalization of trade in electricity. For example, the Federal Energy Regulatory Commission (FERC) is encouraging the creation of Regional Transmission Organizations (RTOs), which will cover all of the United States, and certain interconnections with Canadian suppliers. Some Canadian companies have already signed coordinating agreements with neighbouring RTOs.

The Ontario government confirmed plans to open the wholesale and retail electricity market to competition as of May 1, 2002, allowing consumers to choose their supplier.

In Alberta, the retail electric power market has been open to competition since January 1, 2001 and all Alberta consumers can choose their supplier.

In Québec, the creation of the Régie de l'énergie in June 1997 ushered in open, transparent regulation of electric power, based on active participation by stakeholders in order to support informed decisions in the best interest of consumers.

The creation of the Régie de l'énergie also made it possible to satisfy certain FERC requirements with respect to reciprocity and non-discriminatory access to transmission systems for third parties. Hydro-Québec obtained trader status on U.S. markets in 1997 after the Government of Québec approved the principle of wholesale wheeling on Hydro-Québec's transmission system in December 1996 in order to encourage Québec electric power producers and traders to take advantage of business opportunities.

In 2001, Hydro-Québec reorganized its operations into four distinct divisions: Production, Transmission, Distribution, and Engineering, Supply & Construction. The functional separation is consistent with the new regulatory environment in North America. In June 2000, Bill 116 amending the *Act respecting the Régie de l'énergie* of June 1997 was passed, substantially modifying the applicable regulatory framework. Electric power transmission and distribution have since been regulated by the Régie de l'énergie. Generation has become a non-regulated activity.

As well, certain important Régie regulations came into effect in 2001. As a result, electricity and natural gas distributors are required to submit their supply plans and capital expenditure programs for approval. The latter requirement also applies to TransÉnergie, Hydro-Québec's transmission division.

Finally, the new regulatory framework provides for monitoring by the Régie of a new tender solicitation and contract awarding procedure, and for a code of ethics to govern tender solicitation for the electricity supply contracts required to satisfy Québec's annual needs in excess of heritage pool electricity. All electricity supply contracts required by the distributor beyond heritage pool electricity will also be subject to approval by the Régie.

REVIEW OF ACTIVITIES

Over the past year, the Régie de l'énergie issued 280 decisions, including the 1,000th decision since its creation in June 1997.

The Régie's powers consist primarily in economic regulation and rate-setting for monopolistic electric and natural gas utilities. It practises a form of economic regulation similar to that found in most jurisdictions in North America.

The Régie's powers with respect to petroleum products are much more limited. The authority the Régie has been granted to determine retailers' operating costs is only part of a larger set of measures provided under the *Act respecting petroleum products and equipment*.

Natural gas regulation has a long history in Québec, dating back over 60 years, and has reached the level of maturity required to support innovations such as incentive-based mechanisms and negotiated agreement processes. Regulation of electricity transmission and distribution is in its early days and is cost-based. However, the innovations that have been introduced in natural gas regulation should gradually be extended to electricity.

SERVING CONSUMERS

The Régie's work has an impact on all Quebecers. Examples include the review of Bylaw 634 respecting the conditions governing the supply of electricity, which governs relations between Hydro-Québec and its 3.5 million subscribers; the rate-setting decisions affecting Québec's 175,000 natural gas consumers; and those affecting consumers of gasoline and diesel fuel.

The Régie also makes decisions in individual cases. During the year, the Régie issued 207 decisions on **complaints from consumers** of natural gas and electricity, and responded to over 2,500 consumer enquiries.

In the normal course of its activities, the Régie monitors the operations of natural gas and electricity distributors to ensure that consumers have sufficient supplies and pay a fair rate.

During five years of daily contact with consumers, the Régie has developed extensive knowledge of the specific problems and situations they encounter. This expertise has enabled the Régie to undertake activities such as the review of *Bylaw 634 respecting the conditions governing the supply of electricity*.

The Régie continued applying streamlined regulatory processes **with respect to natural gas**. The efforts to simplify the regulatory framework have achieved results. The largest distributor's annual rate case is now handled by means of a negotiated agreement process. As a result of regulatory streamlining, the Régie was able to issue its decision approving the 2001 rates of Gaz Métropolitain and Company, Limited Partnership (GMCLP) in only a few weeks, before the October 1, 2001 deadline.

The unbundling of GMCLP's services and rates, authorized by the Régie in 2001, took effect on October 1, 2001 for gas supply, fuel gas, transmission, load balancing and distribution, giving customers greater freedom to choose between different supply options.

In the annual rate case, the Régie authorized GMCLP to apply a policy on the use of financial derivatives to manage the cost of natural gas and protect consumers of system gas against price hikes.

The Régie also dealt with an application from Intragaz, the owner of the Pointe-du-Lac underground storage site, to set a natural gas storage rate for GMCLP as of October 1, 2001. The Régie issued a decision stipulating a provisional rate as of that date. A final decision will be made after all the evidence has been produced.

Still with a view to regulatory streamlining, the Régie approved an application to form a working group including the distributor GMCLP and stakeholders for the review of the rate structure for the purpose of promoting energy efficiency.

The Régie approved an application from the distributor Gazifère, which serves customers in the Outaouais region, to modify its rates as of October 1, 2001. Among other things, the Régie approved the company's operating expenses, calculated on the basis of already-established incentive-based mechanisms.

Finally, Consumers' Gas Utilities Limited, the shareholder of Gazifère, applied to the Régie for authorization to transfer all of its Gazifère shares to Enbridge. Following this application, the Minister of Natural Resources requested an opinion from the Régie concerning the impact of the change in ownership on the rights and obligations arising from the exclusive distribution rights granted to Gazifère.

In the 2001-2002 rate cases, the Régie authorized additions to rate base in the order of $92.7 million for the two natural gas distributors, including $63.3 million for capital expenditures.

Regulatory activities related to electric power expanded significantly as regulatory provisions gradually came into force. For example, the Régie approved the capital expenditure budgets of the electricity carrier and distributor.

The Régie also approved the first section of distributor Hydro-Québec's supply plan. Based on the middle scenario submitted, the Régie authorized the distributor to issue a first call for tenders, monitored by the Régie, for 600 MW, deliverable starting March 2007. The Régie also took note of the distributor's additional need for 600 MW to supply the energy required for aluminum smelter expansion. Examination of the supply plan will continue this year.

On April 30, 2002, the Régie issued its decision on Hydro-Québec's application for approval of an electricity transmission rate, following hearings in which 16 intervenors participated.

The Régie also began examining an application for abrogation of the Dual Energy Rate (Rate BT) for distributor Hydro-Québec's commercial and institutional customers. The case is under consideration. As well, the first two phases of the review of *Bylaw 634 respecting the conditions governing the supply of electricity*, which governs relations between the distributor and its customers, were completed. Some of the Bylaw's amended provisions have been in effect since January 1, 2002.

The Régie approved new rate provisions for Hydro-Québec's Interruptible Power Program II for industrial customers. It also approved changes to the General Rates for Large Power (rates H and LD). Finally, it began examining energy efficiency measures proposed by Hydro-Québec.

With respect to petroleum products, the Régie examined two applications from independent retailers to include the operating costs borne by a retailer of gasoline or diesel fuel in a retailer's total costs. It ordered the inclusion of the costs in the Québec City area for a three-month period, from July to October 2001. More recently, it made a similar decision for the town of Saint-Jérôme for the period of April 23, 2002 to February 25, 2003.

Throughout the year, the Régie de l'énergie continued monitoring petroleum product prices and publishing the results in a weekly bulletin – the *Bulletin d'information sur le prix des produits pétroliers au Québec* – and on a special section of its Web site.

In December 2001, the Régie was invited to testify before the *Commission de l'Économie et du Travail* of the *Assemblée nationale* which was pursuing a mandate to analyse the impact of increased petroleum product prices on the Québec economy. The Régie filed and commented on a document explaining its role and mission with respect to petroleum products and the manner in which its powers are exercised.

Parliamentarians were informed that the authority granted to the Régie consists of monitoring powers, the purpose of which is to promote effective operation of the market. The Régie also noted that it has no decision-making power over increases in petroleum product prices, the situation which had led to the Commission's mandate.

OUTLOOK FOR 2002-2003

In the coming year, the Régie will have a number of important cases to deal with in each of the sectors under its jurisdiction.

Aside from the normal regulatory activities of setting electricity and natural gas rates, processing complaints and monitoring petroleum product prices, the Régie will have several new files to handle.

The Régie will monitor distributor Hydro-Québec's tender solicitation procedure on an ongoing basis and will be called upon to approve the electricity distributors' and carrier's capital expenditures and the electricity and natural gas distributors' commercial programs.

In the electricity sector, in accordance with the *Regulation respecting the conditions and cases where authorization is required from the Régie de l'énergie*, which came into force on September 20, 2001, the Régie will examine applications for approval of capital expenditures related to transmission or distribution operations where the expenditures exceed the applicable thresholds. The threshold above which capital expenditure projects require specific authorization from the Régie is $10 million for distribution and $25 million for transmission.

After the *Regulation respecting the conditions and cases where authorization is required* from the Régie de l'énergie comes into force in the near future, the Régie will be called upon to approve the supply contracts required by the electric power distributor to meet the annual needs of Québec markets over and above heritage pool electricity, set at 165 TWh.

The Régie also intends to examine an application for approval of standards of reliability for Hydro-Québec's electric transmission power system this year. Legislative provisions stipulate that the Régie must issue a decision within 120 days after receiving the electricity carrier's proposed standards. Following approval by the Régie of a final rate for carrier Hydro-Québec for 2001, the Régie may also be called upon to decide on transmission rates for the years 2002-2003 and other complementary issues.

The Régie plans to begin consideration of the distributor's cost allocation, service cost and rate structure in 2002 in order to decide on rates for Québec consumers as of May 2004.

It will also complete examination of the application filed by distributor Hydro-Québec in 2002 for approval of its method for allocating the cost of heritage pool electricity to classes of consumers for the years 2001 and 2002.

The Régie will examine Phase 2 of the distributor's first supply plan. It will also continue the process leading to authorization of energy efficiency measures proposed by Hydro-Québec.

With respect to natural gas, the agreement concerning incentive-based mechanisms for GMCLP covers an initial five-year period ending in 2005. The agreement provides, however, for a review of its operation after three years, i.e. during 2002-2003.

The Régie will attentively follow the work of the working group it has authorized for the review of GMCLP's rate structure with a view to promoting energy efficiency.

In accordance with the *Regulation respecting the conditions and cases where authorization is required from the Régie de l'énergie*, which came into effect on September 20, 2001, the Régie will receive applications for approval of capital expenditures during 2002. The threshold above which capital expenditure projects require specific authorization from the Regie is $1.5 million for GMCLP and $450,000 for Gazifère.

Under the applicable Regulation, distributors are required to file their supply plans by August 30, 2002.

With respect to petroleum products (gasoline and diesel fuel), the Régie is empowered to determine an amount per litre representing the operating costs borne by a retailer and to assess the expediency of excluding the amount from or including the amount in the total costs borne by a retailer in the different regions of Québec. The Régie determined this amount to be 3¢/litre in 1999 and again in 2000. The *Act respecting the Régie de l'énergie* now stipulates that the determination of operating costs and the assessment of the expediency of including them is to be performed every three years. This exercise should be completed in July 2003.

CHALLENGES FOR REGULATORY AGENCIES

Energy markets are undergoing profound change. Regulatory agencies must adapt to the new environment and meet many challenges. Among other things, they must provide effective regulation, encourage competition where it is to the advantage of consumers, and harmonize rules and standards with neighbouring jurisdictions. Finally, regulatory agencies must improve their communications with energy sector stakeholders.

EFFECTIVE REGULATION

Economic regulation agencies are specialized tribunals whose primary mission is generally to protect the interests of consumers in monopoly markets and situations of imperfect competition.

As a specialized energy tribunal, the Régie has an obligation to provide interested parties and regulated distributors with effective service of a high standard at a reasonable cost to consumers, while ensuring public participation in the regulatory process.

Since its creation, the Régie has been working in this spirit to streamline processes, shorten regulatory time frames, and ultimately reduce the cost of regulation.

The Régie has significantly enhanced the efficiency of the rate-setting process for natural gas distributors by applying incentive-based mechanisms and using negotiated agreement processes.

The examination of complaints from consumers of natural gas and electricity has been accelerated and the number of cases treated has been increased by using a systematic administrative procedure.

The effectiveness of regulation also depends to a large degree on the know-how and expertise of the Régie's staff. To keep abreast of the latest developments in economic regulation, the Régie participates actively in the Canadian and American energy regulation associations, i.e. the Canadian Association of Members of Public Utility Tribunals (CAMPUT) and the National Association of Regulatory Utility Commissioners (NARUC) in the U.S. Taking part in the activities of these associations provides opportunities for discussion with our Canadian and U.S. counterparts. The first World Forum on Energy Regulation, held in Montreal in May 2000 at the Régie's initiative, also helped us open lines of communication with other regulators around the world.

Finally, the Régie launched a process of reflection about measurable performance indicators, which should be introduced during the coming year. Establishing indicators of this type will make it possible to measure the Régie's progress towards increased regulatory efficiency.

OPENING THE MARKET TO COMPETITION

Economic regulation agencies must effectively regulate monopolistic transmission and distribution firms and provide them with incentives to improve their performance.

At the same time, they need to identify and separate activities that can be carried out on a competitive basis for the benefit of consumers without jeopardizing the economies of scale linked to the existence of monopoly operations and while promoting sustainable development.

The Régie did precisely that in its decision on the unbundling of GMCLP's rates and services, which has been in effect since October 1, 2001.

The unbundling of GMCLP's rates lets customers choose their suppliers for a wide range of services in order to manage their energy supplies more effectively and reduce their bills.

HARMONIZATION OF RULES AND STANDARDS

Increasing integration of energy markets is making harmonization of rules and standards imperative in order to facilitate inter-regional trade.

Harmonization is a special challenge for regulators since they must respect jurisdictions, ensure the satisfaction of each region's specific needs, and protect consumers' acquired rights.

Fast-paced development of regional transmission organizations (RTOs) in the U.S. is raising interesting issues when it comes to coordination with Canadian systems.

In the near future, the Régie will approve standards of reliability for Hydro-Québec's electricity transmission system, taking into account the standards applicable in neighbouring systems.

IMPROVED COMMUNICATIONS

There is a strong trend among North American economic regulation agencies towards closer communications with stakeholders in order to better match regulatory practices with stakeholders' expectations. The challenge for regulators is to establish closer relations with interested parties while exercising the discretion required by their quasi-judicial functions.

For this purpose, the Régie organizes informal administrative meetings every year between Régie officials, distributors and stakeholders to discuss the Régie's operations and listen to its clients' needs and expectations.

The Régie used its communication tools to inform consumers of its role, its powers, its mandate and its procedure. It recently published a document summarizing its operating procedures and will soon publish a revised information brochure for consumers. The Régie is also planning to be present at the next *Salon national de l'habitation* home show and other similar events, where it will be able to reach a broad range of consumers and make them aware of the Régie's role and mission.

Our Web site has been overhauled to make more information about electricity, natural gas and petroleum products available. Many visitors have commented on the site's user-friendliness and the quality of the information.

Finally, the Régie responded to the many consumer enquiries it receives about the sectors under its jurisdiction.

ACKNOWLEDGEMENTS

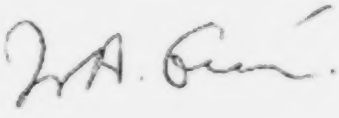
The Régie passed the 1,000-decision mark during the year, a milestone made possible by the skills and dedication of the Régie's commissioners and staff. Active participation by intervenors in the process and strong cooperation from the distributors have also been instrumental in enabling the Régie to make informed decisions.

In the space of a few years, the Régie has become a modern regulatory agency focused on meeting consumer needs, improving corporate performance and promoting sustainable development.

My term of office as Chairman ends on June 1, 2002 and I have decided to tackle new challenges. I am therefore leaving the Régie after five years as Chairman and Commissioner. I know that the Régie's team is eminently qualified to carry on the work we have begun. Three collective agreements signed in 2001-2002 – for the Régie's professionals, attorneys and office staff – will help facilitate continuity by enhancing working conditions.

I would like to note the arrival of a new Commissioner in 2001, Mr Michel Hardy. At the beginning of 2002, however, we were deeply saddened by the passing away of two of our colleagues, Mr Michel Doré, Commissioner, and Mr Denis Dugas, analyst in the Technical and Environmental Analysis section.

In conclusion, I thank the commissioners, employees, applicants and intervenors for their assistance in fashioning an economic regulation agency that is both youthful and mature.



JEAN A. GUÉRIN
Chairman
May 2002

Role and powers

The Régie de l'énergie is a multi-functional economic regulation agency with administrative and quasi-judicial functions.

	RATE-FIXING		PRICE-MONITORING
	Electricity	**Natural gas**	**Petroleum products**
[illegible]	< = 165 tWh at 2.79¢ / kWh > 165 tWh : call for tenders	Free market	—
[illegible]	Cost of service	National Energy Board (federal)	—
[illegible]	Cost of service	Incentive-based mechanisms	Operating costs and expediency of inclusion
[illegible]	Decision-making authority	Decision-making authority	—

The role of the Régie de l'énergie is to regulate monopolies in electricity transmission, electricity distribution and natural gas distribution. It also monitors non-monopoly markets to ensure that the free market system benefits consumers, while permitting healthy competition between market players.

The Regie has authority to fix the rates and conditions for the transmission and distribution of electric power and the supply, transmission, delivery and storage of natural gas, after holding public hearings.

It also monitors the operations of electricity and natural gas distributors to ascertain that consumers are adequately supplied, and monitors the operations of the electricity carrier, the electricity distributors and the natural gas distributors to ascertain that consumers are charged fair and reasonable rates. It approves the electricity and natural gas distributors' supply plans and commercial programs. The Régie also approves investment projects, the construction of immovables or the acquisition of assets intended for the transmission or distribution of electric power or the distribution of natural gas. It approves the electricity carrier's operating and technical standards, including transmission network reliability standards. The Régie monitors application of the tender solicitation and contract awarding procedure and code of ethics for the electricity distributor's supply contracts. The resulting supply contracts are submitted to the Régie for approval.

The Act respecting the Regie de l'énergie gives Hydro-Québec the exclusive right to distribute electricity throughout the territory of Québec, excluding the territories served by a distributor operating a municipal, cooperative or private electric power system. Municipal systems also have exclusive distribution rights within the territories they serve.

The Régie has sole authority to examine consumer complaints about a decision rendered by the electricity carrier, an electricity distributor or a natural gas distributor concerning the application of the rates or conditions of service. The carrier and distributors are required to apply an internal complaint examination procedure approved by the Régie.

The Régie also has the power to monitor petroleum product prices and can provide consumers with information in this regard.

With respect to gasoline and diesel fuel, the Régie has the authority to determine, every three years, an amount per litre representing the operating costs borne by a gasoline or diesel fuel retailer, and to assess the expediency of excluding the amount from or including the amount in the operating costs borne by a retailer.

Review of activities

In its work, the Régie strives to provide regulation and monitoring services both avant-garde and of the highest quality. Active participation by a wide range of intervenors helps the Régie make informed decisions which ensure that energy needs are satisfied while promoting sustainable development and respecting principles of individual and collective equity.

During the past year, the Régie received 23 applications, held 80 days of hearings and 3 days of technical meetings, and issued 280 opinions.

SUMMARY OF ACTIVITIES – 2000-2001

Applications	23
Consumer complaints	164
Days of hearings	80
• on complaints	30
• on applications	50
Technical meetings	3
Decisions	280
• on complaints	207
• on applications	73

THE RÉGIE IS IN DAILY CONTACT WITH CONSUMERS.

The Régie responded to over 4,000 enquiries from consumers during the year. Its Web site receives thousands of visits every month and its weekly e-mail news service, launched in February 2002, has over 200 subscribers. The Régie also answered nearly 500 calls from the media on a variety of issues.

In this way the Regie fulfils its mandate to inform electricity and natural gas consumers of the distributors' complaint procedures and to inform the public of petroleum product prices.

Enquiries about the distributors' consumer complaints processes	2,500
Enquiries about petroleum product prices	1,505

Electricity

The Régie moved into new spheres of activity as its bylaws gradually came into force. It began reviewing Hydro-Québec Distribution's supply plan and issued a decision in the first phase of the proceeding, approved the distributor's tender solicitation and contract awarding procedure for new electricity needs (beyond the heritage electricity pool of 165 TWh) and began the annual authorization process for the capital expenditures of the electric power carrier and distributors.

Proceedings in which examination began or continued during the year included an application for abrogation of the Dual-Energy Rate (Rate BT) and an application for modification of the electricity transmission rate. As of March 31, 2002, these two cases were under consideration. The Régie also completed the first two of three phases of its review of Bylaw 634 respecting the conditions governing the supply of electricity. The amended Bylaw has been in effect since January 1, 2002.

As of March 31, 2002, the application was under consideration.

Subject: Interlocutory decision on application for extended suspension of proceeding by the applicants.

Decision: The Régie de l'énergie approved the application for an extended suspension of the proceeding and suspended consideration of the case until June 27, 2002.

Subject: Decision on Topic 3 and on matters deferred from Phase 1 of review of Hydro-Québec electrical service conditions.

Decision: The Régie approved the consolidated text of the Conditions for electrical service stipulated in Bylaw 634 respecting the conditions governing the supply of electricity as amended by Decision D-2001-60 of the Régie de l'énergie and decided that Decision D-2001-60 would take effect on January 1, 2002.

The Régie accepts Hydro-Québec's proposed amendments to Bylaw 634, except for the requirement concerning the telephone number which became optional for a domestic contract.

The Régie ruled that it has jurisdiction over arrangements for payment and directed Hydro-Québec to file a proposal concerning arrangements for payment and a proposal concerning the review of the articles respecting the responsibility of apartment building owners and of tenant contract holders by March 1, 2002. It reserved its decision on these two matters and on the effective date of this Decision.

The Régie decreed the codification of invoice correction and backbilling procedures. It instructed Hydro-Québec to draft and submit a clause stipulating that, in the event of a claim arising from an invoice correction or backbilling, Hydro-Québec will accept payment of the balance due in two consecutive instalments, according to the schedule provided in Section 90, and may also conclude an agreement with the customer, unless it is established that the customer was aware of the error or failure to bill and did not advise Hydro-Québec. The Régie asked Hydro-Québec to provide its customers with the information required to detect crossed meters within 12 months after the decision.

The Régie asked Hydro-Québec to add to the past-due notice and to the service interruption notice the information concerning arrangements for payment shown on the back of the collection notice.

(R-3455-2000)

Application for approval of new rate provisions for Interruptible Power Program II.

April 24, 2001 *No: D-2001-110*

Subject: Final decision on application for approval of new rate provisions for Interruptible Power Program II.

Decision: Under the Program, Hydro-Québec is authorized to interrupt and buy back power from participating customers. The power will be bought back by extending discounts based on the forecast market value of the power thereby made available. The discounts will be granted by the distributor, which will recover them from the producer. Participating customers will be able to recover the energy interrupted at a later date without risk of penalty and make up any shortfall caused by an interruption in production. Discounts under the Program are expected to total $10.6 million in the first year.

In the Regie's view, the Program will benefit participating customers and entail no negative impact on rates for Hydro-Québec's regulated functions. The Régie therefore approved Hydro-Québec's application but only for one year; Program terms and conditions will have to be reviewed annually and adjusted to the needs of Québec customers and to market conditions.

(R-3462-2001)

Application for approval of tender solicitation and supply contract awarding procedure and tender solicitation code of ethics applicable to Hydro-Québec's electricity supply contracts.

July 24, 2001 *No: D-2001-191*

Subject: Decision on approval of tender solicitation and supply contract awarding procedure and tender solicitation code of ethics applicable to Hydro-Québec's electricity supply contracts.

Decision: The Régie approved the tender solicitation and contract awarding procedure for the distributor's electricity purchases and approved Hydro-Québec's tender solicitation code of ethics.

(R-3466-2001)

Application for approval of changes to General Rates for Large Power (Rate H) and to the Backup Energy Rate (Rate LD) [sections 21(1), 52.1, 52.2, 52.3 and 164 of the Act respecting the Régie de l'énergie].

February 27, 2002 *No: D-2002-47*

Subject: Decision on application for approval of changes to General Rates for Large Power (Rate H) and Backup Energy Rate (Rate LD).

Decision: The Régie approved the application to remove provisions from Rate H concerning emergency energy for independent producers whose usual energy supply has failed temporarily, so the Rate applies only to large power contracts characterized by utilization of power mainly outside winter weekdays. The Régie noted that the distributor plans to request addition of the amended Rate H to Schedule 1 to the Act respecting the Régie de l'énergie concerning the cost of heritage pool electricity by class of consumer.

The Régie approved the new Backup Energy Rate (Rate LD) offered in two options, firm and non-firm. The firm option is available to any self-generator and the non-firm option is available exclusively to independent producers and to supply self-producers from forest biomass on an adjacent site. The Régie therefore allowed the application to remove the provisions of Rate H concerning emergency energy, to make emergency energy the firm option of the Backup Energy Rate (Rate LD), and to add a non-firm option to Rate LD.

However, the Régie denied approval to offer Rate LD to self-producers with facilities that use industrial wastes, given the transitional regulatory environment, the lack of cost-based rate-setting and the fact that no projects of this type are likely to be carried out in the near future.

(R-3470-2001)

Hearing on application for approval of the distributor's 2002-2011 supply plan.

January 21, 2002 *No: D-2002-17*

Subject: Decision in Phase 1 of the proceeding – Application for approval of distributor's 2002-2011 supply plan

Decision: The purpose of this partial decision was only to determine the portion of needs, products and the strategy to be covered by an initial call for tenders, to be issued as of January 15, 2002. Pursuant to Decision D-2001-191, the Régie de l'énergie also ruled on the criteria and the weighting to be used to evaluate the bids for the contracts required to meet the existing needs.

In accordance with the provisions of subsection 74.1 of the Act, the approved tender solicitation and contract awarding procedure and code of ethics are intended to give all interested suppliers an opportunity to bid, and to grant equal treatment to all supply sources. The procedure and the code of ethics also favour the awarding of supply contracts based on the lowest tendered price for the required quantity of electricity and allow for the tender requirements to be filled through a combination of supply contracts.

The Régie recognized that the increase in electric demand, based on the middle scenario, warrants issuing a call for tenders as early as January 2002. At this stage, however, it was unable to determine whether the estimated load forecast uncertainties are reasonable. It therefore asked the distributor to submit a more detailed description of its methodology for estimating uncertainties in the second phase of the proceeding.

In the Régie's view, the distributor's provision for 0.4 TWh in energy conservation is low and partly reflects the methodology used to estimate avoided costs. The Régie judged that the calculation of avoided costs with a 2005-2006 horizon should be based on the cost of projected electricity needs over and above the heritage pool. Therefore, the Regie asked Hydro-Québec to revise its methodology for calculating avoided costs.

The Régie noted that, in Hydro-Québec's middle scenario, needs that require preferably a call for tenders for long-term contracts appear and will have to be met as of the year 2006. The plan submitted by the distributor will achieve this objective and the Regie considers an initial call for tenders for 600 MW to be acceptable. In the context of this initial review, however, the proposed strategy failed to persuade the Régie of the immediate need to issue a tender solicitation for 400 MW of guaranteed, entirely dispatchable power to meet the higher demand scenarios. The Régie reserved its decision on this issue, which it intends to examine in the upcoming phase, when it will consider in greater detail the limits of interconnection capacities, the possibility of storage contracts, the use of interruptible power contracts, the opportunities offered by short-term contracts, and the short-term capacity available in Québec.

Since the first tender solicitation will be for a smaller volume than the proposed 1000 MW, the Régie asked Hydro-Québec to divide the approved 600 MW optimally between baseload, and dispatchable products.

The Régie further judged that the role of support generation in the event of failure to deliver by one or more new suppliers was not clearly explained and should be revisited in Phase 2.

With respect to the treatment of transmission costs, the Régie accepted the distributor's methodology for this tender solicitation. However, the Régie made several requests for clarification concerning the determination of applicable transmission costs, particularly for existing generation sources, the determination of generic costs and the treatment of losses. These points will have to be examined in Phase 2 of the proceeding.

The Régie directed the distributor to allow supply contracts of a duration of 15 to 25 years, with a renewal option exercisable by the supplier.

For the first call for tenders, the Régie accepted the distributor's amended proposal to require that the generation site be located in Québec or, if it is located outside Québec, that it not use existing or planned interconnections. However, the Régie intends to revisit the issue during Phase 2, particularly in connection with the interconnection capacity available to the distributor. Finally, the Régie considered it premature to consider energy services companies' eligibility to bid prior to examination of Hydro-Québec's energy efficiency plan.

The Régie asked the distributor to leave to the bidder's discretion the indexing of prices to the price of fuel.

In Phase 2, the Régie will examine in greater detail the factoring of sustainable development considerations into the distributor's supply plan. It expects the distributor to demonstrate that its supply plan meets the imperatives of sustainable development, the public interest and principles of individual and collective equity.

The distributor's proposed basis for evaluation assigns 60 points out of 100 to a monetary criterion called "cost of electricity" and 10 points each to four non-monetary criteria: "financial solidity," "bidder's experience," "project feasibility" and "flexibility." The Régie approved the basis for evaluation and the weighting for the first call for tenders, to be issued as from January 15, 2002, with the following clarifications and changes:

- acceptance of guarantees will be included under "financial solidity";
- the experience of the bidder's key personnel and its partners will be considered under "bidder's experience";
- fuel supply risks will be included under "project feasibility."

The Regie asked that the scoring method for each of the non-monetary criteria be explained in the invitation to tender and directed the distributor to file the documents with the Régie, on a confidential basis, at least 15 working days before the issuance of the call for tenders.

(R-3471-2001)

Application for abrogation of rate conditions for the commercial, institutional and industrial dual energy rate.

As of March 31, 2002, the application was under consideration.

(R-3473-2001)

Application for approval of energy conservation measures to be implemented by the electricity distributor.

February 8, 2002 *No: D-2002-23*

Subject: Decision concerning recognition of intervenor status, information and discussion meetings, and the expense deferral account.

Decision: The Régie de l'énergie granted ARC/FACEF, AIEQ, AQCIE/AIFQ, CERQ, FCEI, GRAME-UDD, Négawatts, OC, RNCREQ, GMCLP and S.É./STOP intervenor status.

The Régie approved creation by the distributor of a expense deferral account bearing interest at a rate to be determined by the Régie in the distributor's rate case. It allowed the distributor to enter in the account expenses incurred for the participation of recognized intervenors and costs related to the introduction of energy efficiency measures; the more detailed list of costs and the treatment of compensation for lost revenue and subsidies to customers will be dealt with in the Régie's final decision. Finally, the Régie directed the distributor to amortize the account balance by the straight-line method over five years, starting from the program starting date, which is to be determined by the Régie in its final decision.

December 18, 2001 *No: D-2001-281*

Subject: Procedural decision – Application for approval of implementation of energy conservation measures by the electricity distributor.

Decision: The distributor intends to launch expeditiously an information and discussion process including the most representative interested groups and then to submit to the Régie, as part of this proceeding, a comprehensive energy conservation plan.

The Régie set a timetable for the process.

(R-3475-2001)

Application by the electricity distributor for authorization to acquire or construct immovables or assets for the distribution of electricity.

December 21, 2001 *No: D-2001-296*

Subject: Procedural decision on application by the electricity distributor for authorization to acquire or construct immovables or assets for the distribution of electricity.

Decision: The Régie will examine the case on the basis of the file. In the Régie's view, the distributor's proposal to proceed ex parte does not meet minimum standards of due process. The Régie therefore intends to proceed in a manner that allows interested parties to submit written comments.

The Régie declared that the distributor will in no way be deprived of the means to distribute electricity in the normal course of business, to provide its customers with reliable, continuous service, or to maintain its network in good condition. The monies allocated to capital expenditure projects under $10 million in the budget submitted to the Régie may therefore be disbursed as of January 1, 2002, pending final disposition of this case, except for expenditures that are not absolutely necessary, for which other applications are to be filed with the Régie.

The Régie may at any time ask Hydro-Québec and interested parties to submit their comments on any aspect of the case. The Régie's Secretary will forward any additional instructions that may be necessary.

The Régie released the distributor from the requirement to publish a public notice and dismissed the distributor's application for authorization, on a priority and ex parte basis, of all its capital expenditure projects with an individual cost of under $10 million, up to an aggregate amount of one-sixth of total capital expenditures.

(R-3476-2001)

Application by the electricity carrier for authorization to acquire or construct immovables or assets for the transmission of electricity.

December 21, 2001 *No: D-2001-296*

Subject: Procedural decision – Application by the electricity carrier for authorization to acquire or construct immovables or assets for the transmission of electricity.

Decision: The Régie will examine the case on the basis of the file. In the Régie's view, the carrier's proposal to proceed ex parte does not meet minimum standards of due process. The Régie therefore intends to proceed in a manner that allows interested parties to submit written comments.

The Régie considered it preferable to declare that the carrier will in no way be deprived of the means to transmit electricity in the normal course of business, to provide its customers with reliable, continuous service, or to maintain its network in good condition. The monies allocated to capital expenditure projects under $25 million in the budget submitted to the Régie may therefore be disbursed as of January 1, 2002, pending final disposition of this case.

The Régie may at any time ask Hydro-Québec and interested parties to submit their comments on any aspect of the case. The Régie's Secretary will forward any additional instructions that may be necessary.

The Régie released the carrier from the requirement to publish a public notice and dismissed the carrier's application for authorization, on a priority and ex parte basis, of all its capital expenditure projects with an individual cost of under $25 million, up to an aggregate amount of one-sixth of total capital expenditures.

(R-3477-2001)
Application by the electricity distributor concerning allocation of the cost of heritage pool electricity for the years 2001 and 2002, by class of consumer.

March 1, 2002 No: D-2002-49

Subject: Decision concerning recognition of intervenor status – Application by the electricity distributor concerning allocation of the cost of heritage pool electricity for the years 2001 and 2002, by class of consumer.

Decision: The Régie granted ARC/FACEF, AQCIE/AIFQ, FCEI, Gazoduc TQM, OC, RNCREQ, GMCLP and S.É./STOP intervenor status.

(R-3482-2002)
Electricity carrier's and electricity distributor's annual reports.

March 27, 2002 No: D-2002-68

Subject: Procedural decision concerning the information that Hydro-Québec in its capacity as an electricity carrier (the carrier) and Hydro-Québec in its capacity as an electricity distributor (the distributor) must provide annually pursuant to subsection 75(1) of the Act respecting the Régie de l'énergie.

Decision: The Régie established a consultation process with the carrier, the distributor and interested parties. A consultation document containing a preliminary list of the information to be provided has been posted on the Régie's Web site. The Régie asked the carrier, the distributor and interested parties to submit comments in writing by April 17, 2002 and set May 3, 2002 as the deadline for responses by the carrier and the distributor. The Régie reserved the right to question the parties about their comments.

Natural gas

The Régie continued the process of regulatory streamlining. For example, it issued its decision approving GMCLP's 2001 rates within a few weeks and authorized the creation of a working group, including the distributor and stakeholders, for revision of the rate structure with a view to promoting energy efficiency.

The unbundling of GMCLP's services and rates was implemented as of October 1, 2001. Unbundling gives customers wider choice in selecting supply options. The Régie also authorized the distributor to implement a policy on the use of financial derivatives to manage gas prices. It dealt with an application by Intragaz to set a natural gas storage rate applicable to GMCLP as of October 1, 2001. A decision on the latter application will be issued after all the evidence in the proceeding has been heard.

With respect to the distributor Gazifère Inc., the Régie authorized its application for a modification of its rates as of October 1, 2001. In addition, Consumers Gas Utilities Limited applied for authorization to transfer all its shares in Gazifère Inc. to Enbridge. The Régie will submit an opinion to the Minister of Natural Resources in this case once it has completed its examination of the application.

(R-3482-2002)
Application for modification of the specific section of policy on the use of financial derivatives to manage the cost of natural gas.

April 9, 2001 No: D-2001-86

Subject: Decision on application for modification of the specific section of policy on the use of financial derivatives to manage the cost of natural gas.

Decision: The Régie deemed authorization of the use of financial instruments to protect consumers of system gas against fluctuations in commodity prices to be well advised. The Régie judged that, insofar as these financial instruments reflect current and anticipated market conditions, it is appropriate to adapt them to current conditions. Financial instruments must not be used in a speculative manner.

Interested parties raised no objection to this application. The Régie found the evidence warranted acceptance of the distributor's proposal, which will give its customers the benefit of market opportunities for more favourable gas prices.

The Régie authorized the following terms and conditions for financial derivatives:

Swap contracts: up to 10 bcf per swap contract for a period of three years beginning between the months of April and November 2001, at a price or prices of up to $6.25/GJ.

Collars: collars can be used for variable periods not extending beyond the end of November 2004 and with a ceiling price not exceeding $10,00/GJ.

Call options: one or more call options can be held for variable periods not extending beyond the end of November 2004, at a strike price between $7.50/GJ and $10.00/GJ.

(R-3456-2001)
Application for review of GMCLP's annual report for the fiscal year ended September 30, 2000.

April 9, 2001 *No: D-2001-103*

Subject: Application for review of GMCLP's annual report for the fiscal year ended September 30, 2000.

Decision: The Régie noted that, during the 12-month period ended September 30, 2000, Gaz Metropolitain and Company, Limited Partnership realized adjusted pre-tax overearnings in the amount of $5,986,000.

Since the distributor achieved an overall rating of 95.3% for the four service quality indicators, the Régie judged it was entitled to retain one half of the adjusted pre-tax overearnings. The other half is to be returned to customers: the Régie allowed GMCLP to place the amount of $2,993,000 in an interest-bearing account payable to customers, pending disposition of the money in case R 3444-2000.

Finally, the Régie asked GMCLP to provide, in lieu of the list of projects under $1 million, a summary of such investments by region and a table showing the profitability of extension projects of under $1 million.

(R-3463-2001)
Application by Gaz Métropolitain and Company, Limited Partnership (GMCLP) to modify its rates as of October 1, 2001.

September 27, 2001 *No: D-2001-232*

Subject: Decision on application by Gaz Métropolitain and Company, Limited Partnership (GMCLP) to modify its rates as of October 1, 2001.

Decision: The Regie approved application in fiscal 2002 of the performance incentive mechanism it had approved in Decision D-2000-183. The Régie modified GMCLP's rates as of October 1, 2001 in order to generate the total revenue requirement of $741,199,000.

The revenue figure includes the $201,000 which is to be returned to customers, out of the total productivity gain of $423,000, as determined on the basis of the performance incentive mechanism applied to fiscal 2002. The distribution of productivity gains yields a 0.02% after-tax increase in the authorized 9.67% return on equity.

The Régie authorized an average capital cost of 8.26% on the rate base for 2001-2002, based on, among other things, application of the automatic mechanism for establishing the average return on equity stipulated in decisions D-99-11 and D-99-150, yielding 9.67%, and the 0.02% increase in average return on equity resulting from distribution of the productivity gain.

With respect to the evaluation of GMCLP's planned capital expenditure projects for fiscal 2002, the Régie authorized a forecast capital cost of 7.59%, based on rates determined in accordance with the parameters stipulated in Decision D-97-25.

The Régie renewed until September 30, 2003 the following programs and rate conditions, which had been renewed until September 30, 2002 by Decision D-2001-109: 1) dual energy tariff flexibility program; 2) fuel tariff flexibility program for Rate 1, 3 and M customers.

An average total rate increase of 5.3% was approved. Bearing in mind that GMCLP's services were to be billed on an unbundled basis as of October 1, 2001, the increase by component is as follows: distribution 4.3%; banked gas (gas supply, fuel gas, transmission) 147.9%; transmission 0.6%; load balancing 7.8%. The Régie deemed these increases to be very high under the circumstances and is of the view that the company must pursue an aggressive cost containment strategy in order to improve its competitive position.

With respect to energy efficiency, the total cost of the comprehensive energy efficiency program for 2001-2002 is $3,184,008. The Regie dismissed GMCLP's application to cap the comprehensive energy efficiency program in advance at a set budget or proportional ceiling.

September 6, 2001 *No: D-2001-214*

Subject: Partial decision concerning application to modify Gaz Métropolitain and Company, Limited Partnership's rates as of October 1, 2001.

Decision: Based on the proposed terms and conditions, the Régie dismissed GMCLP's proposal to offer its customers a fixed fuel supply rate option. The Regie found that the distributor's evidence was based on a customer survey of limited validity and did not support the conclusion that introduction of the proposed rate was necessary. With respect to the availability of a competitive offering in the marketplace, the Regie considered the consultation with brokers and suppliers to be incomplete and insufficient.

The Régie concluded that the proposed fixed rate would have the effect of creating a new fuel supply service and two customer classes for system gas, those paying the fixed rate and those paying the variable rate. Pursuant to the first paragraph of section 52 of the Act, the proposed rate must reflect the actual cost of acquisition of the volumes sold to a consumer or class of consumers.

whereas the mechanics of the proposed fixed rate would open the door, in the Régie's view, to various interrelationships and possibilities for cross-subsidization between the two types of services and types of customers.

The Régie also found that the impact of the cost transfers between fixed rate and variable rate customers was not satisfactorily quantified in the evidence.

The Régie concluded that the fixed rate assignment method could be discriminatory against small customers and that a suitable process for informing customers of the availability of fixed rate blocks would be necessary to avoid situations that could lead to discriminatory treatment of customers.

In the Régie's view, the proposed fixed rate would enable the distributor to corner a still larger share of the open market, while system gas has already shown strong growth over the past three years. The distributor must implement measures to promote the emergence of a more dynamic and competitive gas supply market, and also to proactively inform consumers of the supply services and options available in the marketplace from suppliers and brokers.

The unbundling of rates and services approved in Decision D-2001-78 is the logical continuation of a trend that began in Canada in the mid-1980s for supply gas. Unbundled services were to come into effect on October 1, 2001 and were to be complementary to supply transactions. It was therefore necessary, in the Régie's view, to give the market time to develop.

Since 1995, a tried and proven monthly adjustment mechanism has been used to set system gas prices. GMCLP must continue to make judicious choices with the financial tools available to it and those granted in Part 5 of this Decision in order to obtain a more balanced portfolio and reduce volatility, to the benefit of all customers. The Régie approved the application to replace the use of data from three banks for three selected late-month days by data from a single bank for all the working days in the month in order to calculate the monthly adjustment in the price of system gas and fuel gas supply.

The Régie directed the distributor to complete its study of the various approaches used by Canadian gas distributors to reduce the cost of system gas and submit it with its next rate filing, in accordance with the stipulated requirements.

(R-3464-2001)
Application by Gazifère Inc. to modify its rates as of October 1, 2001

February 22, 2002 *No. D-2002-45*

Subject: Decision on application by Gazifère Inc. to modify its rates as of October 1, 2001.

Decision: The Régie approved an additional revenue requirement of $34,400 for fiscal 2001-2002, amounting to an average rate increase of 0.07%.

For the 2002 test year, the Régie approved a return on equity of 10.08%, calculated according to the automatic indexing mechanism stipulated in Decision D-99-09, for an average capital cost of 9.04% on a rate base of $54,819,000. Operating expenses were calculated according to the incentive-based mechanism established by Decision D-2000-48. The Régie accepted the service cost allocation study submitted by the distributor, except for the proposed cost allocation methodology for the energy efficiency program, with respect to which the Régie asked that a larger portion of the costs be allocated to the commercial and industrial classes.

The Régie approved Gazifère's proposed amendments to section 7.3 of the General Provisions of the Rates and to section 11, part a) of the General Provisions – Transportation Service Arrangements. The Régie approved the proposed modifications to the application of the atmospheric pressure factor to customer bills. It also approved, in essence, the business plan and implementation of the energy efficiency program for 2001-2002, as submitted by Gazifère.

Subject to the adjustments ordered in this decision, the Régie approved modification of the distributor's provisional rates as of October 1, 2001 so as to generate the revenue required to cover the total cost of service delivery and to enable the distributor to realize a reasonable return on the rate base. The distributor was required to submit the text of the rate for final disposition within 30 days of this Decision.

(R-3465-2001)
Application for prior authorization of "Lotbinière" network extension project.

July 5, 2001 *No. D-2001-174*

Decision: The Régie de l'énergie granted prior authorization for the "Lotbinière" network extension project. It asked the distributor to submit confirmation of the contributions from the Canadian and Quebec governments before the beginning of work. It also directed the distributor to submit the necessary information for project monitoring annually when filing its annual report.

(R-3465-2001)
Petition to set a rate for natural gas storage at Pointe-du-Lac as of October 1, 2001.

September 28, 2001 *No. D-2001-232*

Subject: Interlocutory decision – Establishment of a provisional rate as of October 1, 2001 and timetable for continuation of the proceeding – Amended petition to set a rate for natural gas storage at Pointe-du-Lac as of October 1, 2001.

Decision: The Régie dismissed the application by Intragaz to apply the proposed rate E-3 on a provisional basis as of October 1, 2001. It fixed the existing rate E-1 from 2000-2001 on a provisional basis as of October 1, 2001, with a 30% reduction in each of the components. It also directed Intragaz to file rate E-1 so adjusted within seven days of this Decision.

The Régie established a timetable for the continuation of the proceeding.

(R-3472-2001)
Petition for authorization to transfer all shares of Gazifère Inc. pursuant to section 80 of the Act respecting the Régie de l'énergie.

February 8, 2002 *No: D-2002-26*

Subject: Procedural decision – Public notice

Decision: The Régie directed Consumers Gas to publish the public notice on February 16, 2002 and set a timetable for applications to intervene.

(R-3481- 2002)
Application for creation of a working group on review of rate structure in order to promote energy efficiency.

March 8, 2002 *No: D-2002-57*

Subject: Procedural decision concerning creation of a working group on review of rate structure in order to promote energy efficiency.

Decision: The Régie invited interested parties to attend an information meeting called by GMCLP for the purpose of forming the above-mentioned working group.

The Régie also established a timetable for issuance of the report on the meeting, applications for intervenor status and GMCLP's comments.

(R-3484-2002)
Application to modify the rates of Gaz Métropolitain and Company, Limited Partnership as of October 1, 2002.

March 22, 2002 *No: D-2002-66*

Subject: Procedural decision

Decision: The purpose of this Decision was to launch the procedure for the entire annual review of GMCLP's rates. The Decision was limited, however, to setting the initial timetable for the review of the priority application for approval of modifications to rates D3 and D4, including an addition to the rates of blocks for volumes over 1,000,000 m³.

Petroleum products

The Régie examined two applications for the inclusion of operating costs in the calculation of the estimated minimum price and issued one decision.

The Régie decided to include the operating costs borne by a retailer of gasoline or diesel fuel in the Québec City area for a three-month period, from July to October 2001. As of March 31, 2002, it was considering a similar application for the town of Saint-Jérôme.

Throughout the year, the Régie de l'énergie continued monitoring petroleum product prices and publishing them in its weekly Bulletin d'information sur le prix des produits pétroliers au Québec.

(R-3457-2000)
Petition for inclusion of amount representing operating costs in the minimum price provided under subsection 59(2) of the Act respecting the Régie de l'énergie.

June 27, 2001 *No: D-2001-166*

Subject: Decision concerning hearing on inclusion of amount representing operating costs borne by a retailer of gasoline or diesel fuel in the Québec City area.

Decision: The Régie decided to include the amount of three cents per litre representing operating costs in the operating costs borne by a retailer of gasoline or diesel fuel in the zone defined by the applicants, as stipulated in section 67 of the Act respecting petroleum products and equipment. The Régie ordered inclusion of the amount for a three-month period beginning at midnight, July 3, 2001.

(R-3469-2001)
Petition for inclusion of the amount representing operating costs in the minimum price (Subsection 59(2) of the Act respecting the Régie de l'énergie).

As of March 31, 2002, the application was under consideration.

The Régie will work on the following issues during the coming year.

Electricity

- Transmission rate
- Electricity distributor's supply rate
- Cost of supply of heritage pool electricity
- Authorization of capital expenditures for transmission and distribution facilities
- Approval of transmission network reliability standards
- Sufficiency of supply
- Approval of distributors' supply plans
- Monitoring of distributor Hydro-Québec's tender solicitation and contract awarding procedures
- Approval of distributor Hydro-Québec's supply contracts
- Approval of energy efficiency measures proposed by distributor Hydro-Quebec
- Distributor Hydro-Québec's application for abrogation of Dual Energy Rate (Rate BT)
- Review of conditions governing the supply of electricity (Bylaw 634 – Hydro-Québec)
- Approval of commercial programs

Natural gas

- 2002-2003 rate cases of Gaz Métropolitain (GMCLP) and Gazifère Inc.
- Follow-up on unbundling of rates (GMCLP)
- Review of application of incentive-based mechanisms to distributors
- Review of rate structure to promote energy efficiency (GMCLP)
- Authorization of distributors' capital expenditures
- Approval of distributors' supply plans
- Approval of distributors' commercial programs

Petroleum products

- Monitoring of prices
- Determination of operating costs borne by a retailer of gasoline or diesel fuel

Compliance with acts and regulations

As a public agency, the Régie de l'énergie is required to comply with a number of acts and regulations, including those that relate to ethics. The Act respecting the ministère du conseil exécutif stipulates that the Régie's Code of Ethics and Professional Conduct, adopted pursuant to the Regulation respecting the ethics and professional conduct of public office holders (G.O. II, 6635), is to be published in its Annual Report.

RÉGIE DE L'ÉNERGIE COMMISSIONERS' CODE OF ETHICS AND PROFESSIONAL CONDUCT

GENERAL PRINCIPLES

1. Commissioners shall at all times conduct themselves with loyalty and dignity, demonstrate reserve, and abstain from any statement or action that is incompatible with their duties.
In the performance of their mandate, Commissioners shall promote the satisfaction of Québec's energy needs in accordance with the principles of sustainable development and with attention to economic, social and environmental concerns. They shall also reconcile the public interest, consumer protection and equitable treatment of distributors.

IMPARTIALITY

2. Commissioners shall demonstrate impartiality at all times. They shall act and be seen to act objectively and without prejudice. They shall abstain from expressing in public any opinions that might cast doubt on their objectivity or impartiality, or that of the Régie.

INDEPENDENCE

3. Commissioners shall at all times defend the independence of their office. They shall perform their duties free of all interference. They shall avoid placing themselves in a vulnerable position.

POLITICAL NEUTRALITY

4. Commissioners shall set aside their personal political opinions so as to perform their duties with due objectivity.
Commissioners shall exercise reserve in the public expression of their political opinions and shall not belong to any advocacy group that takes positions on energy-related matters.

CONFLICTS OF INTEREST

5. Commissioners shall avoid placing themselves in a position of conflict of interest. They shall arrange their personal affairs so as not to interfere with the performance of their duties. They shall not use the power of their position to obtain or grant any benefit or favour.
Commissioners shall have no interest, direct or indirect, in any company that produces, transports, distributes or supplies energy, or in any organization, association or undertaking an interest in which would create a conflict between their personal interests and the duties of their position.

DECLARATION OF INTERESTS

6. Each Commissioner shall submit an annual written declaration to the Chairman of the Régie stating all the interests he or she possesses which he or she believes could create a conflict of interest.

RECUSAL

7. Commissioners shall recuse themselves from any deliberations in which their ability to deal impartially with the application under consideration could be in doubt.
A Commissioner shall bring any situation which he or she deems to be problematic to the attention of the Chairman of the Régie.

CONFIDENTIALITY

8. Commissioners shall swear an oath of confidentiality upon entering upon their duties. Commissioners shall abstain from making any comment or taking any public position on any file, whether or not they are personally responsible for that file, and shall express their points of view only through the decisions rendered by the Régie.
Commissioners shall at all times respect the confidentiality of the documents and information to which they are made privy in the performance of their duties and may not use them for personal ends.

DUTY TO ACT WITH EQUITY

9. At hearings and in examining applications, Commissioners shall ensure that all participants have the opportunity to be heard and to make their arguments, insofar as those arguments are admissible and relevant. At hearings, Commissioners shall maintain order, taking a firm but courteous attitude which fosters mutual respect among all present.

COLLEGIALITY

10. Each Commissioner shall provide his or her colleagues with appropriate support, while respecting the areas of competence of each. Commissioners shall strive to ensure that the decisions rendered by the Regie are consistent, so that all intervenors who appear before the Régie receive equitable treatment.

EXCELLENCE

11. Commissioners shall keep their professional skills and knowledge current so as to maintain the quality of their work.

DILIGENCE

12. Commissioners shall render written, reasoned decisions, effectively and diligently, in plain language.

OATH

13. Upon entering upon their duties, Commissioners shall take the following oath: "I, ... , Commissioner, do solemnly declare that I will exercise the powers and perform the duties of my position impartially and honestly, to the best of my ability and knowledge."

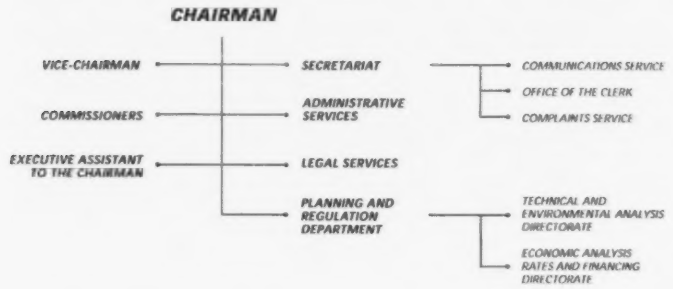
GOVERNMENT ACTION PLAN ON PRIVACY

An internal committee of the Régie de l'énergie, struck under the Government Action Plan on the Protection of Personal Information, in accordance with the instructions received from the Assistant General Secretary of the Conseil executif responsible for the matter, continued its work during 2001-2002.

The Régie's team

The Régie de l'énergie is composed of seven permanent commissioners and two supernumerary commissioners. A team of 67 managers, professionals and support staff provides the commissioners with analyses, legal opinions and follow-up on files. The Régie de l'énergie is an independent agency funded by duties and fees paid on a user-pay basis by the regulated distributors. Its expenses for the last fiscal year totalled an estimated $7,585,800.

THE RÉGIE'S STRUCTURE



OPERATION

The Chairman of the Régie assigns and coordinates the work of the commissioners. He is responsible for the Régie's administration and directs its staff. He launches appropriate investigations and inspections under the Act. The Chairman also sits as a commissioner. He is assisted by an Executive Assistant and a support team.

The Management Committee consists of eight managers: the Chairman of the Régie, the Vice-Chairman, the Secretary, the Executive Director, the Director of Legal Services, the Director of Administrative Services, the Communications Director, and the Executive Assistant to the Chairman. The Committee discusses the Régie's administrative affairs, including the allocation of resources to various operations. The Committee also monitors administrative and financial matters.

The Committee of Commissioners, composed of all the commissioners, meets to discuss the Régie's general directions and to coordinate the regulatory agenda.

ADMINISTRATIVE STRUCTURE

The Régie has a streamlined structure composed of the Chairman's Office and four departments. The majority of the Régie's employees work at the head office in Montréal, where most activities and hearings take place. The Régie also has an office in Québec City to serve clients in the Québec City area and eastern Québec.

The President and his management team

The commissioners have backgrounds in the energy industry, environmental organizations, law, government and administrative tribunals. To arrive at the best decision, they examine the evidence introduced by intervenors and their witnesses at the hearings or on the basis of the file. They analyze the evidence, with the support of the technical and legal departments, before drafting their decisions. They exercise their quasi-judicial powers independently and impartially.

Chairman

Jean A. Guérin

A native of Québec City, Jean Guérin has a Master's degree in Economics from the University of Ottawa. After holding several senior positions in the Canadian government, he was a senior official with the ministère de l'Énergie et des ressources du Québec between 1977 and 1981. He then served as vice-president, development with the Société québécoise d'initiatives petrolieres (SOQUIP) from 1981 to 1988, executive director of Consortium Soligaz (1988-1993), senior partner with Saint-Aix-Groupe Conseil (1994-1997) and a member of the 1995 commission of inquiry that examined Hydro-Québec's policy on purchasing electricity from private sources.

Vice-Chairman

Lise Lambert

A native of Lévis, Ms Lambert has a Law degree from Université Laval and is a member of the Barreau du Québec. A litigator with the law firm of Vézina Pouliot from 1971 to 1982, Ms Lambert held the position of vice-president and commissioner with the Commission des transports du Québec from 1982 to 1997.

Anita Coté-Verhaaf

A native of the Rivière-du-Loup area, Ms Anita Coté-Verhaaf has a Master's degree in Economics from Université de Montréal. She began her career as an economist in 1978 at the Université de Montréal economic development research centre. She subsequently served as senior economist with Lavalin-Econosult from 1979 to 1982. From 1982 to 1989, she occupied various positions with Gaz Métropolitain and Company, Limited Partnership, including senior advisor, regulatory affairs. From 1989 to 1999, she was a member of the National Energy Board. In that capacity, she served as chairperson or member of numerous NEB panels. She took up her duties as a Régie commissioner in November 2000.

Michel Doré

(deceased March 26, 2002)

A native of Métabetchouan, Mr Doré graduated in Law from Université Laval. From 1972 to 1986, he was a practising notary and a partner in the firm of Doré & Doré. In 1986, he was appointed to the Immigration and Refugee Board. In 1994, he returned to private practice and served as a special consultant on immigration and parole for two years. He was then appointed to the Commission des transports du Québec and served as a commissioner until his appointment to the Régie in May 2001.

Anthony Frayne

A native of the United Kingdom, Mr Frayne earned a Bachelor's degree in Economics from the London School of Economics and an MBA from McGill University. He served as an economist with Canada's Department of Transport from 1972 to 1979 and then continued his career with Hydro-Quebec from 1979 to 1987 and 1990 to 1997. His work involved rate design, general planning and international relations. He also supervised a study of electricity rates in Uruguay for Hydro-Québec International. He was director of financial analysis and planning for Montréal's public transit commission (STCUM) from 1987 to 1990. Mr Frayne qualified as a Fellow of the Institute of Chartered Accountants of England and Wales.

Jean-Noël Vallière
Marc-André Patoine
Anthony Frayne
Jean A. Guérin
Anita Côté-Verhaaf
Lise Lambert
François Tanguay
Michel Hardy

Mr Hardy holds a Bachelor of Applied Science in Geology from École Polytechnique de Montreal and an MBA from École des Hautes Études Commerciales. He began his career as a geologist in 1974 and then completed his MBA from 1977 to 1979. In 1979, he joined Imperial Oil, where he occupied numerous positions in a variety of fields, including distribution, marketing, information systems management and communications. From 1993 to 1995, he was advisor and then Interim Executive Director responsible for Diesel Traction Montreal and UAP Inc. He served as Executive Director of Info-Excavation from 1995 to 1999 and then worked as a consultant until his appointment to the Regie de l'énergie in September 2001.

A Montréal native, Mr Patoine earned a Law degree from Université de Montréal and was a lawyer in private practice from 1967 to 1975. He joined the School Council of the Island of Montréal as head of the legal department in 1976. In 1979, he was appointed director of the legal department of the ministère de l'Éducation du Québec. He was a litigator with the ministère de la Justice from 1983 to 1999, representing the Attorney General of Québec in civil, administrative and constitutional cases at all levels. He was appointed a Commissioner with the Regie de l'énergie in 1999.

A native of Montréal, Mr Tanguay has been active in environmental protection since the late 1960s and has acquired practical experience in that field. He was co-founder of Les Amis de la Terre (Québec) and worked with several environmental groups before becoming coordinator for energy issues with Greenpeace Québec and then head of the organization. In that capacity, he was asked to sit on the Consultation Panel for the Public Debate on Energy. He has also hosted programs about the environment for Radio-Canada and has published several works on ecological construction.

Mr Vallière is from the town of Asbestos and has a Bachelor's degree in Economics from Université Laval. He is an economist and worked as research officer for the ministère des Transports and the ministère de l'Énergie et des ressources from 1974 to 1988. From 1988 to 1994, he was responsible for producing the *Essence Expresse newsletter*, published by the ministère de l'Énergie et des ressources. He then worked as research officer in the natural gas and oil directorate of the ministère des Ressources naturelles du Québec from 1994 to 1998.

The Régie's staff work in four departments. The functions of each department are described below.

SECRETARIAT

The Secretariat is the first point of contact with the Regie. It speaks on the Regie's behalf and acts as the sole contact with intervenors. The Secretary of the Regie coordinates hearing agendas with interested parties and is responsible for information exchange and procedural follow-up. Given its quasi-judicial nature, the Régie has a duty to exercise discretion.

The Secretariat is also responsible for distributing the Régie's decisions and publicizing its role. It is made up of three divisions:

- **Office of the Clerk**: Keeps the Régie's records and is responsible for managing and distributing all public documents related to the Régie's work.
- **Consumer complaints information line**: Receives over 200 telephone calls each month from consumers seeking information on their recourse or wishing to file a complaint against an energy distributor.
- **Communications Service**: Designs, implements and follows up on the external and internal communications program, and maintains ongoing relations with the public and the media. The Régie applies a transparent communications strategy designed to provide full information on its decisions and opinions.

ADMINISTRATIVE SERVICES DEPARTMENT

The Administrative Services Department supports the Regie's daily activities. It consists of the **Human, Financial, Physical and Information Resources Directorate**, the **Documentation Centre** and **Reception**.

PLANNING AND REGULATION DEPARTMENT

The Planning and Regulation Department provides the Régie with economic, financial and technical expertise, consulting services and the opinions that may be required by the Régie in the course of its activities, particularly in matters pertaining to the analysis of applications. It provides leading-edge expertise tailored to the nature and complexity of the issues under the Régie's jurisdiction.

It also provides the Régie's commissioners with the analyses required for informed decision-making, taking into account all the factors involved in the matters under consideration. The Department sees to it that basic regulatory approaches are maintained in a consistent manner. Through its work and research, it supports the assessment of regulatory practices and the adaptation of the regulatory framework to different market environments.

The Department consists of two directorates:

- **The Economic Analysis, Rates and Financing Directorate** provides expert analyses of all economic, accounting and financial aspects of the Regie's work, primarily for the purpose of setting the rates of regulated distributors.
- **The Technical and Environmental Analysis Directorate** assesses all matters submitted to the Régie from the technical and environmental points of view. It performs the required analyses for the purpose of monitoring the operations of Hydro-Québec and the natural gas distributors. It also carries out operations in connection with the monitoring of petroleum product prices.

LEGAL SERVICES DEPARTMENT

The Legal Services Department provides legal advice on all matters related to the interpretation of the Act and the regulations, and on all applications brought before the commissioners for decision or for submission of an opinion to the Government. The legal advisers act as counsel, represent the Régie and question participants in the hearings. They help prepare regulations and other legal texts required for the Régie's operations.

Responsive to consumers' needs

In 2001-2002, the Régie's Office of the Clerk received 164 written complaints. 207 decisions were rendered during the same period. The information line answered more than 2,500 enquiries from consumers about their rights and the remedies available to them against their natural gas or electricity distributor.

THE PROCEDURE

For each distributor, the Régie has approved a specific procedure for handling consumer complaints about the application of the rates or conditions of service (Decision D-98-25).

In general terms, the procedure is as follows:

1. Consumer complaints concerning the application of the rates or conditions of service must first be filed with the distributor's customer service department, which can be contacted at the number or address that appears on the invoice.

2. If the consumer is dissatisfied with the response, he or she can file a written complaint with the distributor. The distributor then has 60 days to provide a written decision on the complaint.

3. If the consumer is still dissatisfied with the distributor's decision, he or she can ask the Régie to review the matter by filing a written complaint outlining the reasons for his or her dissatisfaction within 30 days of the distributor's decision. The complaint should be addressed to the Régie's Secretariat and accompanied by the distributor's decision and a cheque or money order for $30 made out to the Régie de l'énergie.

4. Failing an agreement between the distributor and the consumer, the Régie examines the complaint on the basis of the evidence in the file. It may also decide to hold a hearing, either at its own initiative or in response to a request from the complainant or the distributor.

THE RÉGIE DE L'ÉNERGIE'S JURISDICTION

The Regie de l'énergie has exclusive decision-making power to:

- examine any complaint filed by a consumer concerning the application of a rate or a condition governing the supply or transmission of electric power by an electric power distributor;
- examine any complaint filed by a consumer concerning the application of a rate or a condition governing the transmission, supply or storage of natural gas by a natural gas distributor;
- see to it that consumers are charged the applicable rates and are subject to the applicable conditions (section 31(4) of the Act respecting the Régie de l'énergie).

Under current legislation and regulations, the Régie de l'énergie has no jurisdiction to deal with complaints in some areas, including:

- monetary sanctions applicable in cases of theft of energy (see Decisions D-98-167 and D-2000-13);
- the terms of payment of a debt owed to a distributor (see Decision D-98-26 and others);
- claims for damages against a distributor (see Decision D-98-140 and others);
- applications that are not complaints from a customer of the distributor (see Decision D-98-70 and others).

www.regie-energie.qc.ca

WEB SITE

To keep the public informed, the Régie regularly updates its Web site. A page is created for each public hearing, making all relevant information available in real time. The site has become a basic reference source on the energy industry.

ADDITIONAL INFORMATION

For more information on the complaints procedure for a specific distributor, consumers can call the Regie's complaints information line:

(514) 873-5050 *Montréal area*
(418) 646-0970 *Québec City area*
1 888 873-2452 *outside Montréal and Québec City*

Petroleum products

Consumers are concerned about volatile prices for petroleum products, particularly gasoline and diesel fuel. The Régie's Bulletin d'information sur les prix des produits pétroliers au Québec and its Web site have become important tools for following price changes on a week-to-week basis.

Since sections 55 to 59 of the Act respecting the Régie de l'énergie took effect on November 1, 1997, the Regie has been monitoring the price of petroleum products in Québec's 17 administrative regions, compiling them and informing interested parties by telephone, over the Internet and in print. It also calculates the estimated minimum price of gasoline and diesel fuel, based on the wholesale price at the loading ramp in Montréal, on a weekly basis. The Regie's Bulletin d'information sur les prix des produits pétroliers au Québec, a weekly newsletter on petroleum product prices, has become the standard reference on the subject in Quebec. The publication responds to the concerns of the public by providing comprehensive, up-to-date information on petroleum product price trends every week.

OVERVIEW OF PRICES DURING THE LAST FISCAL YEAR

From April 1, 2001 to March 31, 2002, the weighted average price of regular gasoline at the pump for Québec as a whole was 71.0¢/litre, compared with 77.4¢/litre during the previous year, a 6.4¢ decrease. Prices fluctuated widely, however, peaking at 85.3¢/litre during the week of April 30, 2001 and bottoming at 59.8¢/litre during the week of December 24, 2001.

The average weekly minimum price at the loading ramp in Montréal moved in tandem with the price at New York, ranging between 22.8¢/litre during the week of December 10, 2001 to a high of 43.1¢/litre during the week of April 16, 2001. The fluctuations in the minimum price at the loading ramp were reflected in the estimated minimum price, which ranged between 55.5¢/litre during the week of December 17 and 78.6¢/litre during the week of April 23, 2001. The average spread between the weighted average price of regular gasoline at the pump, before taxes, and the estimated minimum price was 5.8¢/litre during the period, compared with 6.2¢/litre during the previous year.

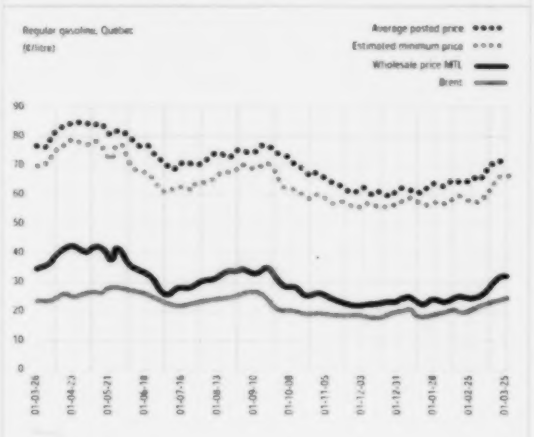
There were also price fluctuations for heating oil, which however were less significant than they were during 2000-2001. The weighted average price of heating oil (before discounts) was 41.2¢/litre, compared with 50.6¢/litre during 2000-2001. The price peaked at 46.0¢/litre during the week of April 2, 2001; 37 weeks later, a litre of heating oil was selling at 35.8¢, its lowest price of the year.

The weighted average price of diesel fuel during the year was 70.0¢/litre, an increase of more than 8.3¢/litre compared with the previous year.

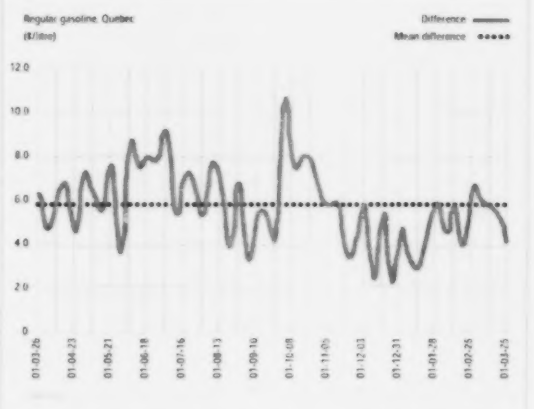
NUMBER OF GAS STATIONS IN QUÉBEC

March 31, 2002: 4,365 gasoline stations
(not including airport, snowmobile and marina service stations)

AVERAGE PRICE AT THE PUMP



DIFFERENCE BETWEEN AVERAGE PRICE AT THE PUMP AND ESTIMATED MINIMUM PRICE*



* Estimated minimum price = estimated wholesale price + average minimum transportation + taxes

TOTAL QUÉBEC SALES BY VOLUME, PER PRODUCT

Consumption of petroleum products increased slightly in Québec in 2000. There was a significant rise in consumption of aviation fuel. Consumption of stove oil kerosene fell sharply and consumption of light fuel oil increased. Gasoline consumption declined slightly to 7,984 billion litres in 2000.

(MILLIONS OF LITRES)	1994	1995	1996	1997	1998	1999	2000	CHANGES (%) 2000 VS 1999
Motor gasoline	7,531.2	7,566.9	7,696.9	7,706.6	7,899.3	8,041.4	7,984.9	(0.7)
Stove oil kerosene	196.4	220.4	193.8	181.9	204.5	291.8	234.7	(19.6)
Diesel fuel oil	3,267.4	3,368.2	3,285.7	3,540.5	3,715.9	3,877.1	3,795.4	(2.1)
Light fuel oil	1,960.3	1,887.7	2,060.6	1,900.6	1,646.9	1,583.2	1,754.9	10.8
Heavy fuel oil	1,698.2	1,511.2	1,772.0	1,450.0	1,740.0	1,555.0	1,639.4	5.4
Coke	100.8	151.5	170.4	129.6	126.1	127.5	107.6	(15.6)
Aviation gasoline	11.2	21.2	18.7	17.1	17.3	16.8	19.8	17.9
AV-turbo fuel	869.2	839.6	902.1	774	788.4	829.1	865.6	4.4
Total	**15,634.7**	**15,566.7**	**16,100.2**	**15,700.3**	**16,138.4**	**16,321.9**	**16,402.3**	**0.5**

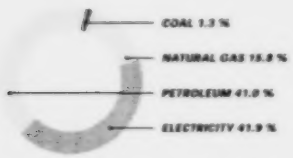
AVERAGE QUARTERLY AND ANNUAL PRICE AT THE PUMP AND ESTIMATED MINIMUM PRICE OF REGULAR GASOLINE

	SECOND QUARTER 2001		THIRD QUARTER 2001		FOURTH QUARTER 2001		FIRST QUARTER 2002		AVERAGE 2001-2002		
REGION	PUMP ¢/LITRE	EMP ¢/LITRE	PUMP ¢/LITRE	EMP ¢/LITRE	PUMP ¢/LITRE	EMP ¢/LITRE	PUMP ¢/LITRE	EMP ¢/LITRE	PUMP ¢/LITRE	EMP ¢/LITRE	SPREAD EXCL. TAXES ¢/LITRE
Bas-Saint-Laurent	81.4	71.4	74.8	64.0	66.6	56.2	63.6	57.9	71.6	62.4	8.0
Saguenay-Lac-Saint-Jean	79.9	69.1	71.7	61.8	65.3	53.9	63.8	55.5	70.2	60.1	8.8
Capitale-Nationale	81.8	73.6	71.9	69.2	64.0	58.6	65.5	60.0	70.8	65.4	4.7
Mauricie	80.9	73.6	71.7	66.2	66.2	58.4	65.4	59.9	71.0	64.5	5.7
Estrie	82.2	74.0	73.9	66.7	65.5	58.8	67.7	60.4	72.4	65.0	6.4
Montréal	80.7	75.3	73.9	67.9	65.2	60.1	67.1	61.6	71.7	66.2	4.8
Outaouais	75.6	70.4	68.7	63.0	59.5	55.2	62.2	56.8	66.5	61.3	4.5
Abitibi-Témiscamingue	79.9	71.0	71.4	63.6	63.9	55.8	64.8	57.5	70.0	62.0	7.0
Côte-Nord	80.5	70.3	72.6	62.9	66.0	55.1	62.5	56.7	70.4	61.3	7.9
Nord-du-Québec	88.9	71.6	80.7	64.2	78.1	56.4	73.7	58.5	80.4	62.7	15.4
Gaspésie-Îles-de-la-Madeleine	80.5	71.1	74.4	63.7	65.6	55.9	62.3	57.5	70.7	62.0	7.5
Chaudière-Appalaches	82.1	73.7	72.5	67.4	64.4	58.5	65.6	60.0	71.1	64.9	5.4
Laval	80.6	75.2	73.8	67.8	65.4	60.0	66.7	61.6	71.6	66.2	4.7
Lanaudière	81.0	73.6	73.1	66.6	64.0	59.2	65.4	60.8	70.9	65.1	5.1
Laurentides	78.1	72.6	71.1	65.5	64.2	57.9	62.7	60.1	69.0	64.0	4.3
Montérégie	80.7	73.6	73.4	66.8	65.0	59.5	66.1	61.0	71.3	65.2	5.3
Centre-du-Québec	82.9	73.9	73.6	66.5	66.0	58.7	68.2	60.2	72.7	64.8	6.8
Québec weighted mean	**80.7**	**73.3**	**72.9**	**66.4**	**64.9**	**58.3**	**65.5**	**59.9**	**71.0**	**64.5**	**5.7**

EMP: Estimated minimum price based on the sum of the minimum price at the loading ramp, the minimum transportation cost and taxes.
Note that the EMP should be considered a benchmark price; the EMP published by the Régie for a given region is an average. There may be variations in the EMP within a single region.
The EMP is calculated on the basis of the minimum price at the loading ramp for Thursday of the preceding week, pursuant to the Ministerial Order of November 26, 1997.

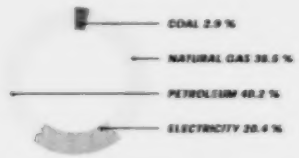
COMPARISON OF ENERGY CONSUMPTION QUÉBEC AND CANADA, 1999

CONSUMPTION IN QUÉBEC 2000



CONSUMPTION IN CANADA 2000

(excluding Québec)

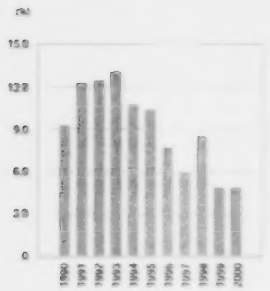


THE ENERGY INDUSTRY'S ECONOMIC IMPORTANCE

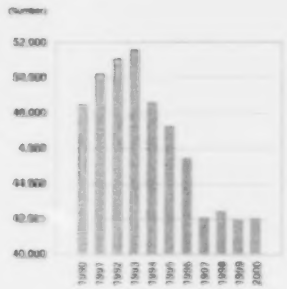
The energy industry is a driving force in Québec's economic growth, accounting for over 10% of Québec's gross domestic product (GDP). Approximately 35.9 million tons of oil equivalent (TOEs) are consumed yearly in Québec's substantial energy market and energy sales totalled $22.376 billion, a year-over-year increase of more than $4.8 billion. In 2000, capital expenditures in the energy industry totalled $2.2 billion, 5.0% of all investment in Québec, a slight decrease from 1999. The number of jobs in the industry held steady at 42,052.

Since the mid-80s, the market share of oil has shrunk slightly, while that of electricity and natural gas has increased. However, oil and electricity remain the two most widely used forms of energy in Québec. Québec's energy profile differs significantly from Canada's in that electricity has a much larger market share than does natural gas.

ENERGY INVESTMENT AS A PERCENTAGE OF TOTAL INVESTMENT IN QUÉBEC 1990-2000

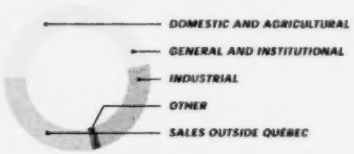


TOTAL EMPLOYMENT IN THE ENERGY INDUSTRY, 1990-2000



SALES

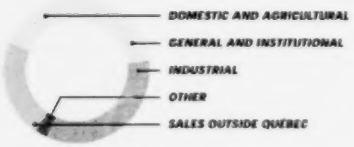
Sales revenues are derived mainly from the domestic and agricultural markets. The volume of residential sales reflects social choices made with respect to energy over the past four decades.



TYPE OF CUSTOMER	REVENUE	
Hydro-Québec	($ 000)	(%)
Sales in Québec:		
- Domestic and agricultural	3,131,000	28.7
- General and institutional	1,973,000	18.1
- Industrial	2,482,000	22.7
- Other	217,000	2.0
Total	**7,803,000**	**71.4**
Sales outside Québec	3,120,000	28.6
Total sales	**10,923,000**	**100.0**

VOLUME

Electricity sales by volume are mainly concentrated in the domestic, agricultural and industrial markets. Sales outside Québec increased during the year and accounted for 22% of total sales in 2001.



TYPE OF CUSTOMER	VOLUME	
Hydro-Québec	(MILLIONS OF KWH)	(%)
Sales in Québec:		
- Domestic and agricultural	50,850	26.1
- General and institutional	30,360	15.6
- Industrial	66,343	34.0
- Other	4,659	2.4
Total	**152,212**	**78.0**
Sales outside Québec	42,814	22.0
Total sales	**195,026**	**100.0**

ACCOUNTS

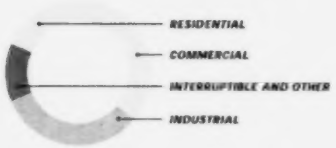
91.5% of customers belong to the domestic and agricultural categories.

TYPE OF CUSTOMER	ACCOUNTS	
Hydro-Québec		(%)
In Quebec:		
- Domestic and agricultural	3,257,361	91.5
- General and institutional	280,796	7.9
- Industrial	13,215	0.4
- Other	5,919	0.2
Total	**3,557,291**	**100.0**
Outside Quebec	86	0.0
Total	**3,557,377**	**100.0**

Natural gas

REVENUE

TYPE DE CUSTOMER	REVENUE ($ 000)	(%)
Residential	354,079	18.6
Commercial	689,348	36.2
Industrial	617,500	32.4
Interruptible and other	243,763	12.8
Total	**1,904,690**	**100.0**

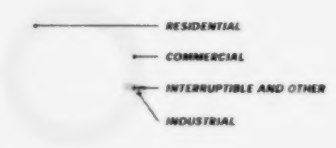


VOLUME

TYPE DE CUSTOMER	VOLUME (THOUSANDS OF M³)	(%)
Residential	704,746	12.7
Commercial	1,575,168	28.3
Industrial	2,197,982	39.5
Interruptible and other	1,088,420	19.6
Total	**5,566,318**	**100.0**

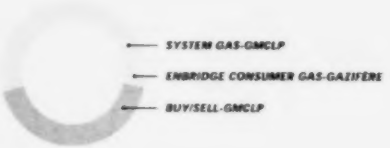
CUSTOMERS

TYPE DE CUSTOMER	NUMBER OF CUSTOMERS	(%)
Residential	129,132	73.7
Commercial	44,043	25.1
Industrial	2,023	1.2
Interruptible and other	60	0.0
Total	**175,258**	**100.0**



SUPPLIERS

SOURCES OF SUPPLY	($ 000)	(%)
System gas-GMCLP	633,816	53.2
Enbridge Consumers Gas-Gazifère	37,341	3.1
Buy/sell-GMCLP	520,668	43.7
Total	**1,191,825**	**100.0**



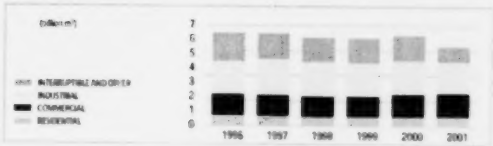
SALES BY MARKET SEGMENT IN QUÉBEC

The value of natural gas sales increased 31.3% during the last year. Over the past five years, sales have risen 79.6%, from $1.06 billion in 1996 to $1.905 billion in 2001. Spiralling commodity prices during the period account for the bulk of the increase.

Sales to customers with interruptible service have increased 27.7% over the last five years while firm service sales to commercial and industrial customers have increased 98.8% and 97.7% respectively.

BEFORE NORMALIZATION ($ 000)	1996	1997	1998	1999	2000	2001	CHANGE 1996-2001	
								(%)
Residential	210,708	214,672	201,739	217,553	252,108	354,079	143,371	68.0
Commercial	346,774	356,503	344,600	383,843	465,983	689,348	342,574	98.8
Industrial	312,300	346,461	369,932	382,414	465,559	617,500	305,200	97.7
Interruptible and other	190,820	189,379	169,669	196,327	267,360	243,763	52,943	27.7
Total	**1,060,602**	**1,107,015**	**1,085,940**	**1,180,137**	**1,451,010**	**1,904,690**	**844,088**	**79.6**
Change (%)	*4.3*	*4.4*	*(1.9)*	*8.7*	*23.0*	*31.3*		

VOLUME BY MARKET SEGMENT IN QUÉBEC



The volume of natural gas sales declined by 11.9% over the last year. There was a 38% decrease in sales to interruptible users.

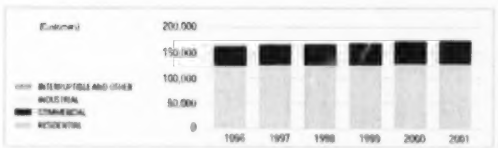
Sales volume has decreased 13.8% since 1996. Sales to commercial customers rose 9.5% over the period. Sales to customers with interruptible service fell by 44.9%.

The substantial increase in commodity prices which began in 2000-2001 led to a significant drop in sales volume in 2001-2002. Commodity prices are determined by market forces. Customer choices are also influenced by prices for alternative energy sources, particularly petroleum. Natural gas deliveries are further dependent on the weather, the economic cycle, and the use of gas by manufacturers.

BEFORE NORMALIZATION (THOUSANDS DE M³)	1996	1997	1998	1999	2000	2001	CHANGE 1996-2001	
								(%)
Residential	730,069	723,366	661,420	659,442	694,255	704,746	(25,323)	(3.5)
Commercial	1,438,208	1,437,597	1,363,236	1,391,851	1,511,827	1,575,168	136,960	9.5
Industrial	2,311,236	2,484,227	2,456,629	2,354,367	2,365,339	2,197,982	(113,254)	(4.9)
Interruptible and other	1,975,115	1,783,298	1,668,892	1,685,887	1,748,989	1,088,420	(886,695)	(44.9)
Total	**6,454,628**	**6,428,488**	**6,150,177**	**6,091,547**	**6,320,410**	**5,566,318**	**(888,310)**	**(13.8)**
Change(%)	*2.4*	*(0.4)*	*(4.3)*	*(1.0)*	*3.8*	*(11.9)*		

CUSTOMERS OF NATURAL GAS DISTRIBUTORS

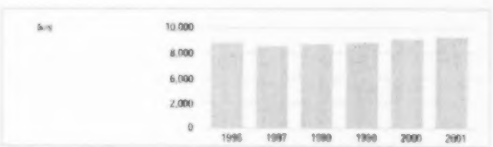
The total customer base of the natural gas distributors has grown by approximately 5.6% since 1996. The bulk of the increase has been in the commercial category. The number of customers for interruptible service fell sharply in 2001.



TYPE OF COSTUMER (NUMBER OF COSTUMER)	1996	1997	1998	1999	2000	2001	CHANGE 1996-2001	
Gas = GMCLP+Gazifère								(%)
Residential	125,813	125,616	125,229	126,180	128,540	129,132	3,319	2.6
Commercial	38,173	39,404	40,589	42,065	43,413	44,043	5,870	15.4
Industrial	1,872	1,897	1,881	1,928	1,945	2,023	151	8.1
Interruptible and other	128	139	143	143	140	60	(68)	(53.1)
Total	**165,986**	**167,056**	**167,842**	**170,316**	**174,038**	**175,258**	**9,272**	**5.6**
Change (%)	*0.5*	*0.6*	*0.5*	*1.5*	*2.2*	*0.7*		

LENGTH OF PIPELINES

The natural gas distribution system in Quebec has grown in length by 13.2% since 1996 as a result of various extension projects and system interconnections.

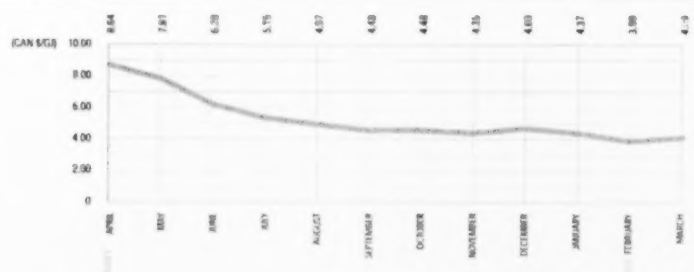


NATURAL GAS DISTRIBUTION IN QUÉBEC, SEPTEMBER 30 (KILOMETERS)	1996	1997	1998	1999	2000	2001	CHANGE 1996-2001	
Gaz Métropolitain and Company, Limited Partnership								(%)
	8,019	8,144	8,328	8,493	8,775	8,999	980	12.2
Gazifère Inc.	475	486	543	552	601	615	140	29.5
Total	**8,494**	**8,630**	**8,871**	**9,045**	**9,376**	**9,614**	**1,120**	**13.2**
Change (%)	*2.85*	*1.60*	*2.79*	*1.96*	*3.66*	*2.54*		

MONTHLY EVOLUTION OF SYSTEM GAS PRICE

Gaz Métropolitain and Company, Limited Partnership

Monthly mean : CAN $5.26/GJ



STATISTICAL AND FINANCIAL INFORMATION

Figures are based on regulated companies' results for the fiscal year:
Gaz Métropolitain and Company, Limited Partnership: 12 months ending September 30;
Gazifère Inc.: 12 months ending September 30;
Hydro-Québec: 12 months ending December 31.

($ 000)	1996	1997	1998	1999	2000	2001
Investments in fixed assets						
Gaz Métropolitain and Company, Limited Partnership (regulated)	93,172	48,870	40,523	62,606	61,854	55,027
Gazifère Inc. (regulated)	8,901	5,575	7,274	4,001	3,973	3,180
Hydro-Québec (fixed assets)	2,056,000	1,590,000	2,092,000	1,642,000	1,812,000	1,810,000
Net value of fixed assets						
Gaz Métropolitain and Company, Limited Partnership (regulated)	1,190,412	1,198,144	1,181,109	1,211,368	1,226,827	1,232,662
Gazifère Inc. (regulated)	37,019	41,456	47,347	49,738	52,090	53,346
Hydro-Québec (excluding construction work in progress)	44,124,000	44,818,000	44,693,000	44,477,000	45,882,000	45,716,000

REVENUE FROM SALES, BY DISTRIBUTOR AND BY CUSTOMER SEGMENT

($ 000)	1996	1997	1998	1999	2000	2001
Gaz Métropolitain and Company, Limited Partnership						
Residential	198,922	201,880	189,280	203,687	235,705	330,174
Firm commercial	335,560	344,327	333,094	370,937	451,194	666,624
Firm industrial	311,030	344,824	368,411	380,761	462,655	612,398
Interruptible and other	183,522	181,192	163,880	191,165	262,140	241,821
Total	**1,029,034**	**1,072,223**	**1,054,665**	**1,146,550**	**1,411,694**	**1,851,017**
Normalization/stabilization	(5,023)	5,064	23,546	28,889	24,029	5,480
Total normalized sales	**1,024,011**	**1,077,287**	**1,078,211**	**1,175,439**	**1,435,723**	**1,856,497**
Gazifère Inc.						
Residential	11,786	12,792	12,459	13,866	16,403	23,905
Firm commercial	11,214	12,176	11,506	12,906	14,789	22,724
Firm industrial	1,270	1,637	1,521	1,653	2,904	5,102
Interruptible	7,298	8,187	5,789	5,162	5,220	1,942
Total	**31,568**	**34,792**	**31,275**	**33,587**	**39,316**	**53,673**
Normalization/stabilization	(1,484)	(1,296)	1,406	1,848	2,119	0
Total normalized sales	**30,084**	**33,496**	**32,681**	**35,435**	**41,435**	**53,673**
Hydro-Québec						
Sales in Québec:						
- Domestic and agricultural	2,945,000	3,066,000	2,906,000	3,034,000	3,167,000	3,131,000
- General and institutional	1,835,000	1,885,000	1,894,000	1,963,000	2,002,000	1,973,000
- Industrial	2,075,000	2,162,000	2,214,000	2,236,000	2,405,000	2,482,000
- Other	226,000	218,000	213,000	215,000	220,000	217,000
Total	**7,081,000**	**7,331,000**	**7,227,000**	**7,448,000**	**7,794,000**	**7,803,000**
Sales outside Québec:	588,000	596,000	814,000	1,051,000	2,380,000	3,120,000
Total sales	**7,669,000**	**7,927,000**	**8,041,000**	**8,499,000**	**10,174,000**	**10,923,000**

SALES VOLUME BY DISTRIBUTOR AND BY CUSTOMER SEGMENT

(THOUSANDS OF M³)	1996	1997	1998	1999	2000	2001
Gaz Metropolitain and Company, Limited Partnership						
Residential	684,346	677,496	617,962	614,733	644,975	653,975
Commercial	1,385,735	1,384,754	1,314,046	1,341,424	1,458,898	1,517,052
Firm industrial	2,303,327	2,474,383	2,446,527	2,344,466	2,348,828	2,180,053
Interruptible and other	1,902,145	1,702,362	1,565,741	1,597,310	1,636,920	1,050,839
Total	**6,275,553**	**6,238,995**	**5,944,276**	**5,897,933**	**6,089,621**	**5,401,919**
Normalization/stabilization	(22,175)	22,771	191,966	244,500	211,022	36,819
Total normalized sales	**6,253,378**	**6,261,766**	**6,136,242**	**6,142,433**	**6,300,643**	**5,438,738**
Gazifère Inc.						
Residential	45,723	45,870	43,458	44,709	49,280	50,771
Firm commercial	52,473	52,843	49,190	50,427	52,929	58,116
Firm industrial	7,909	9,844	10,102	9,901	16,511	17,929
Interruptible	72,970	80,936	103,151	88,577	112,069	37,581
Total	**179,075**	**189,493**	**205,901**	**193,614**	**230,789**	**164,399**
Normalization/stabilization	(3,946)	(313)	6,436	7,413	7,821	(535)
Total normalized sales	**175,129**	**189,180**	**212,337**	**201,027**	**238,610**	**163,865**
Hydro-Québec (MILLIONS OF KWh)						
Sales in Québec:						
- Domestic and agricultural	50,294	51,246	47,701	49,315	51,666	50,850
- General and institutional	29,158	29,560	28,815	29,765	30,490	30,360
- Industrial	59,797	61,837	61,773	63,409	65,950	66,343
- Other	5,261	4,648	4,519	4,500	4,651	4,659
Total	**144,510**	**147,291**	**142,808**	**146,989**	**152,757**	**152,212**
Sales outside Québec	18,892	15,242	18,565	24,723	37,323	42,814
Total sales	**163,402**	**162,533**	**161,373**	**171,712**	**190,080**	**195,026**

NUMBER OF CUSTOMERS BY CUSTOMER SEGMENT

	1996	1997	1998	1999	2000	2001
Gaz Metropolitain and Company, Limited Partnership						
Residential	109,360	108,202	106,650	106,433	107,704	107,336
Commercial	36,073	37,211	38,295	39,709	40,967	41,512
Firm industrial	1,864	1,889	1,873	1,919	1,935	2,013
Interruptible	125	133	137	137	135	57
Total	**147,422**	**147,435**	**146,955**	**148,198**	**150,741**	**150,918**
Gazifère Inc.						
Residential	16,453	17,414	18,579	19,747	20,836	21,796
Firm commercial	2,100	2,193	2,294	2,356	2,446	2,531
Firm industrial	8	8	8	9	10	10
Interruptible	3	6	6	6	5	3
Total	**18,564**	**19,621**	**20,887**	**22,118**	**23,297**	**24,340**
Hydro-Québec						
In Québec:						
- Domestic and agricultural	3,127,136	3,157,096	3,182,033	3,206,211	3,228,610	3,257,361
- General and institutional	280,570	280,396	280,067	280,383	281,107	280,796
- Industrial	13,198	13,002	12,803	12,732	13,081	13,215
- Other	6,308	6,222	6,066	5,986	5,941	5,919
Total	**3,427,212**	**3,456,716**	**3,480,969**	**3,505,312**	**3,528,739**	**3,557,291**
Outside Québec:	48	52	61	88	86	86
Total	**3,427,260**	**3,456,768**	**3,481,030**	**3,505,400**	**3,528,825**	**3,557,377**
Change (%)	*0.8*	*0.9*	*0.7*	*0.7*	*0.7*	*0.8*

SUPPLY SOURCES OF NATURAL GAS DISTRIBUTED IN QUÉBEC

COST ($ 000)	1996	1997	1998	1999	2000	2001
Gaz Métropolitain and Company, Limited Partnership						
Total system gas	53,123	88,049	119,108	181,109	336,111	633,816
Buy/sell and other	259,348	303,531	331,744	330,780	452,596	520,668
Gazifère Inc.						
System gas	19,199	21,957	18,236	20,125	26,926	37,341
Total for both distributors	**331,670**	**413,537**	**469,088**	**532,014**	**815,633**	**1,191,825**
Transport	246,615	254,089	242,901	238,617	247,221	246,638
Storage and other	54,736	47,918	41,664	45,506	56,301	61,030
Total supply cost	**633,021**	**715,544**	**753,653**	**816,137**	**1,119,155**	**1,499,493**
VOLUME (THOUSANDS OF M³)						
Gaz Métropolitain and Company, Limited Partnership						
Total system gas	1,014,840	1,291,318	1,608,862	1,555,439	2,234,969	2,426,762
Buy/sell and other	5,101,678	4,919,715	4,465,110	3,757,249	3,145,948	2,004,724
Gazifère Inc.						
System gas	173,647	190,630	205,878	192,683	230,800	162,514
Total for both distributors	**6,290,165**	**6,401,663**	**6,279,850**	**5,505,371**	**5,611,718**	**4,594,000**

Note: Figures for 1996 are based on results for 12 months ending March 31.

HIGHLIGHTS OF 2001-2002 NATURAL GAS RATE CASES

The Régie set the rate of return on common shareholders' equity at 9.69% for Gaz Métropolitain and Company, Limited Partnership and at 10.08% for Gazifère Inc. GMCLP's distribution rates increased an average 5.3% on October 1, 2001. Rates decreased by an average 0.06% for Gazifère Inc. customers.

HIGHLIGHTS	*Gaz Métropolitain and Company, Limited Partnership*	*Gazifère Inc.*
Return requested:		
Decisions on rates	D-2001-232	D-2002-45
Approval of rate schedule	D-2001-232	n.d.
Application number	R-3463-2001	R-3464-2001
Additional revenue requested	$37,224,000	$34,000
Revenue increase ordered	$37,224,000	($28,000)
Change in rates (October 1, 2001)	5.30%	(0.06%)
Return requested on:		
Rate base	8.26%	9.04%
Common shareholders' equity	9.69%	10.08%
Return authorized:		
Rate base	8.26%	9.04%
Common shareholders' equity	9.69%	10.08%
Rate base (average over 13 month-period)	$1,657,415,000	$54,823,000
Budget:		
Revenue from franchise sales	$1,936,457,000	$50,638,000
Cost of gas and operating expenses	$1,799,574,000	$45,681,000
Net revenue	$136,883,000	$4,957,000

AUTHORISED CAPITALIZATION	BREAKDOWN (%)	COST (%)	BREAKDOWN (%)	COST (%)
Securitization of receivables	8.50	5.15	–	–
Borrowing at floating rate	0.80	5.29	–	–
Long-term credit at floating rate	3.10	5.06	–	–
Short-term debt	12.40	5.14	4.74	6.64
Long-term debt	41.60	8.44	54.58	8.48
Preferred shareholders' equity	7.50	5.11	0.08	7.50
Common shareholders' equity	38.50	9.67	40.60	10.08
Total	**100.00**	**8.26**	**100.00**	**9.04**

Financial summary

RÉGIE'S FINANCIAL SUMMARY

The Régie's estimated financial results for the fiscal year ended March 31, 2002 are as follows:

Opening accumulated surplus	***$1,143,678***
Revenues	***$6,568,539***
Expenses	***$7,585,800***
Ending accumulated surplus	***$126,417***

OTHER INFORMATION

Revenues for the fiscal year ended March 31, 2002 consist primarily of the duties paid by distributors of electricity, natural gas and petroleum products, in accordance with section 102 of the Act respecting the Régie de l'énergie. Pursuant to section 107 of the Act, any amount by which revenues exceed expenditures in a fiscal year is carried over to the subsequent annual budget, reducing the duties payable during the following fiscal year. The projected accumulated surplus for 2000-2001 reduced the duties paid to the Régie during fiscal 2001-2002 and the projected accumulated surplus for 2001-2002 will be taken into account in calculating the duties payable in 2002-2003.

In accordance with section 106 of the Act and Order-in-Council 73-98 (effective January 21, 1998), the Régie's budget forecasts for fiscal 2001-2002 were submitted to the Government on January 31, 2001 and approved by Order-in-Council 828-2001 of June 27, 2001.

REGULATORY COSTS IN QUÉBEC

	2001-2002	COST PER GIGAJOULE[2]	COST PER CONSUMER[3]
Expenditures[4]	$7,585,800	$0.0064	$1.0237
Intervenors costs[5]	$1,175,957	$0.0010	$0.1587
Total	**$8,761,757**	**$0.0074**	**$1.1823**
	2000-2001		
Expenditures[4]	$7,347,882	$0.0060	$0.9960
Intervenors costs[5]	$1,998,410[6]	$0.0016	$0.2709
Total	**$9,346,292**	**$0.0076**	**$1.2668**
	1999-2000		
Expenditures[4]	$6,766,764	$0.0057	$0.9207
Intervenors costs[5]	$ 574,708	$0.0005	$0.0782
Total	**$7,341,472**	**$0.0062**	**$0.9989**
	1998-1999		
Expenditures[4]	$6,676,865	$0.0057	$0.9117
Intervenors costs[5]	$2,359,914	$0.0020	$0.3222
Total	**$9,036,779**	**$0.0077**	**$1.2339**

[1] Includes regulation costs for electric power and natural gas, and the cost of monitoring petroleum products.
[2] Cost distributed among electricity, natural gas, gasoline and diesel fuel consumption. (In previous annual reports, the cost was distributed between electricity and natural gas consumption only.)
[3] Cost distributed among the population of Québec.
[4] Figures based on 2001-2002 estimates and audited financial statements for 1998-1999, 1999-2000 and 2000-2001.
[5] Intervenor costs: Includes intervenors' costs for the electricity and natural gas segments. The Régie may order the electricity carrier or any distributor of natural gas or electricity to pay intervenors' costs, in whole or in part, where they relate to issues under the Régie's jurisdiction. The amount of the costs is determined in accordance with the Rules of Procedure and the Intervenor Costs Payment Guide. Where it is warranted by the public interest, the Régie may also pay the expenses of groups formed to take part in its hearings on matters related to petroleum products; such expenses are included in the Régie's expenses.
[6] Revised data.

Public participation

LIST OF INTERESTED PERSONS

Action Réseau consommateur
Association canadienne d'énergie éolienne
Association coopérative d'économie familiale de l'Outaouais
Association coopérative d'économie familiale de Québec
Association de l'industrie électrique du Québec
Association des consommateurs d'affaires à moyen débit de gaz naturel et de petite et moyenne puissances en électricité du Québec
Association des consommateurs industriels de gaz
Association des constructeurs de routes et grands travaux du Québec
Association des gestionnaires de parcs immobiliers en milieu institutionnel
Association des industries forestières du Québec
Association des manufacturiers de bois de sciage du Québec
Association des redistributeurs d'électricité du Québec
Association des services de l'automobile du Québec
Association québécoise de la production d'énergie renouvelable
Association québécoise des consommateurs industriels d'électricité
Association québécoise des indépendants du pétrole
CAA-Québec
Centre d'études réglementaires du Québec
Compagnie Pétrolière Impériale Ltée
Costco Wholesale Canada Ltd
Énergie Nouveau-Brunswick
Fédération canadienne de l'entreprise indépendante
Fédération des Associations Coopératives d'Économie Familiale
Fédération des commissions scolaires du Québec
Gazifère Inc.
Gazoduc TransQuébec & Maritimes Inc.
Groupe de recherche appliquée en macroécologie
Groupe STOP
Hydro-Québec
Hydro Serre Mirabel Inc.
Institut canadien des produits pétroliers
Intergaz
Intragaz, Société en commandite
Les Serres du Saint-Laurent Inc.
Les Serres Nouvelles Cultures Inc.
Les Serres Sagami (2000) Inc.
Mouvement au courant
Négawatts Production Inc.
New York Power Authority
Ontario Power Generation
Option Consommateurs
Petro-Canada
PG&E National Energy Group Inc.
Régie régionale de la santé et des services sociaux de Montréal-Centre
Regroupement des comités logement et associations de locataires du Québec
Regroupement des organismes environnementaux en énergie
Regroupement national des Conseils régionaux de l'environnement du Québec
Séchoirs Arbec Inc.
Sempra Energy Trading Corporation
Shell Canada Limitée
Société en commandite Gaz Métropolitain
Stratégies énergétiques
Syndicat des producteurs en serre du Québec
Ultramar Ltée
Union pour le développement durable

INTERVENOR COSTS

The Régie may order the electricity carrier or any distributor to pay intervenors' costs, in whole or in part, where they relate to issues under the Régie's jurisdiction. The amount of the costs is determined in accordance with the Rules of Procedure and the Intervenor Costs Payment Guide, adopted by the Régie in July 1999 following a generic hearing on the issue.

In 2001-2002, the Régie directed distributors to pay a total of over $1.176 million to cover intervenors' costs.

Electricity	$ 403,400
Natural gas	$ 772,557
Total	**$ 1,175,957**

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